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NICARAGUAN GOVERNMENT INVOLVEMENT IN NARCOTICS TRAFFICKING

54

HEARING

BEFORE THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

MARCH 11, 1986

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NICARAGUAN GOVERNMENT INVOLVEMENT IN NARCOTICS TRAFFICKING

TUESDAY, MARCH 11, 1986

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
TASK FORCE ON INTERNATIONAL NARCOTICS CONTROL,
Washington, DC.

The task force met at 2:15 p.m., in room 2200, Rayburn House Office Building, Hon. Lawrence J. Smith (chairman of the task force) presiding.

Mr. SMITH. We meet today to examine allegations of Nicaraguan Government involvement in narcotics trafficking. Over the past 2 years there have been numerous allegations of such involvement.

In early 1984, a senior Nicaraguan diplomat was caught trafficking in cocaine in Canada by Ottawa police. He claimed diplomatic immunity, was eventually released and ordered to leave that country.

In June 1984, Gen. Paul Gorman, then the head of the U.S. Southern Command, stated that "the traffickers in drugs are conduits for subversion. The comandantes in Nicaragua are involved in those movements."

In July 1984, indictments were returned in Miami against 11 persons on drug trafficking and conspiracy charges involving a major cocaine shipment smuggled into the United States via Nicaragua. One of the 11 indicted was Frederico Vaughan, an aide to the Minister of Interior of Nicaragua. Others named in the indictment were Pablo Escobar and Jorge Ochoa,-who are major Colombian drug kingpins.

In August 1984 a former Nicaraguan official testified that he was personally involved in giving Nicaraguan passports to Latin Americans and Middle Easterners involved in the drug trade. He said that sending drugs to the United States "provided food for our people with the suffering and the death of the youth of the United States."

In September and October of that year, Jack Anderson and the Wall Street Journal reported that United States officials were investigating charges that Robert Vesco was involved in financing drug shipments through Nicaraguan diplomats to the United States and Europe. And for those of you who don't remember, Robert Vesco is a wanted fugitive here in the United States for, among other things, tax evasion and depleting the assets of a large number of companies.

On February 16, 1985, President Reagan declared in a radio address to the Nation that the Government of Nicaragua is exporting drugs to poison our youth and linking up with the terrorists of Iran, Libya, the Red Brigades, and the PLO, all of which groups, by the way, are actively engaged in Nicaragua.

In 1985 a DEA informant testified that Colombian traffickers in the wake of the crackdown in their country, had moved some of their operations, including a cocaine processing factory, to Nicaragua.

The purpose of our hearing today is to review all available information on Nicaraguan Sandinista government involvement in drug trafficking. We have with us today a representative from the State Department, the Honorable Jon Thomas, Assistant Secretary for International Narcotics Matters; and a representative from the Drug Enforcement Administration, Mr. Thomas G. Byrne, Deputy Assistant Administrator for Intelligence. But most importantly, we have with us someone who has firsthand knowledge of the subject matter, Mr. Alvaro Jose Baldizon Aviles, a former Nicaraguan Government official.

Last July Mr. Baldizon escaped Nicaragua through the Nicaraguan-Honduras border. He was no ordinary refugee. After joining the Sandinista police in 1980, he worked his way up to become the Chief of the Investigations Department of the Directorate of Internal Affairs within the Interior Ministry. In that capacity, he worked for Tomas Borge, the Interior Minister, and one of the most powerful members of the junta running Nicaragua, and a man who has been alleged on any number of times, including with photographs taken of his police directly under his command, to be involved in drug trafficking.

Despite the fact that his family remains in Nicaragua, Mr. Baldizon has agreed to testify for the first time in open session before the Congress. We appreciate his courage, and look forward to his testimony. He is accompanied by a State Department interpreter, Rita Boren.

It is my understanding that both Mr. Thomas and Mr. Byrne have brief opening statements. After they present them, we will hear from Mr. Baldizon.

Before we begin, I would just like to note that this hearing has been planned for several months, and its timing is totally unrelated to the President's recent request for aid to the resistance movement to the Contras in Nicaragua. However, since the administration has repeatedly charged that the Sandinista government is involved in drug trafficking, I think members may find it useful in considering the President's request to review the available information on the Sandinista's alleged involvement in these activities.

Mr. Thomas, we have your statement. It will be made a part of the record, without objection, in full, and you may proceed as you wish.

STATEMENT OF HON. JON R. THOMAS, ASSISTANT SECRETARY, BUREAU OF INTERNATIONAL NARCOTICS MATTERS, DEPARTMENT OF STATE

Mr. THOMAS. Thank you very much, Mr. Chairman.

Mr. SMITH. Excuse me, before you begin, let me welcome two members of the Foreign Affairs Committee who are not members of the task force. I am very grateful for their appearance here today, Mr. Lagomarsino and Mr. Hyde.

Mr. THOMAS. Thank you, Mr. Chairman. Before I make a very brief comment, I, too, would like to second your statement concerning the courage and dedication of Mr. Baldizon, his courage to come forward and discuss these very serious matters.

I am very pleased to participate this afternoon in this inquiry into the role of the Sandinista government of Nicaragua in narcotics trafficking. It is a very serious subject, and one that I have been very concerned about.

We believe that Nicaragua has become a transshipment point for South American cocaine destined for consumers in the United States. Moreover, there is evidence suggesting that members of the Sandinista government have not only condoned but have actively participated in narcotics trafficking activities.

Any such activity within Nicaragua, and any such participation by members of the Government must be strongly criticized by the international community. The Government of Nicaragua's control of overt sources of information, together with the Sandinista regime's unwillingness to cooperate with the United States on this issue, make it difficult to present a comprehensive account of narcotics-related activity in Nicaragua.

The political situation has eliminated bilateral cooperation on narcotics control and made it almost impossible to gather accurate information on a continuing basis. Moreover, not surprisingly, Sandinista officials have denied all allegations of involvement in narcotics trafficking.

However, we believe that at least one of the most influential members of the Sandinista National Liberation Front, which controls the government, is directly and personally involved in drug trafficking, and, through him, numerous other officials. That individual is Interior Minister Tomas Borge, whose responsibilities include control of the state security and other police forces and maintenance of internal order.

A former official of the Interior Ministry has stated publicly that Minister Borge has been actively involved in smuggling cocaine from Colombia to the United States. The information we have received is that Borge, working through a ministry-controlled company set up to earn foreign exchange, has provided Colombian traffickers with airplanes, refueling and transshipment facilities in Nicaragua. The statements of the former ministry official indicate the possible involvement of other leading members of the ruling Sandinista Front.

In one well-noted incident, photographs were taken during an undercover operation which show Nicaraguan Government officials loading boxes, described as being filled with cocaine, into a small aircraft parked on the military side of Managua Airport. This incident implicated another Nicaraguan, Frederico Vaughan, who is said to have close ties to Borge. Some Nicaraguans believe that the presence of the airplane in a controlled military zone also implicates Defense Minister Humberto Ortega in narcotics trafficking activities as well.

There is also some evidence of narcotics-related corruption beyond that involving Minister Borge and his associates. Although the Sandinista police have a specially trained unit with responsibilities for drug and vice enforcement, the information from the former Interior Ministry official is that known criminals, including drug offenders, have been incorporated into the ranks of the Sandinista police, several at the rank of lieutenant, and that these criminals head sections within the police agency. These officials have allegedly continued to engage in drug-related criminal activity.

The information we have received indicates a particularly disturbing pattern of officially sanctioned drug crimes. The information is that these corrupt officials either consume the marijuana and other drugs confiscated by police or sell them. Some of the confiscated drugs are sent to the state security agency where they are consumed by officials or used in operational activities, including being planted on persons whom the security agency seeks to compromise. In addition, the information we have received indicates that the Sandinista police operate a network of informants who have a dual function: one, to inform the police about persons who use or deal in drugs, and, two, to resell drugs confiscated by police.

Drug arrests in Nicaragua appear to be few with only small amounts of drugs officially reported as being seized. The value of the marijuana seized in one bust, which the Sandinistas called the breakup of a major trafficking ring, was only $50.

In conclusion, we have strongly expressed our concerns over involvement of Sandinista officials in cocaine smuggling. I can assure you, Mr. Chairman, we are watching the situation closely, and I would be pleased to provide any additional information to this task force if it becomes available. Thank you very much.

[The prepared statement of Mr. Thomas follows:]

PREPARED STATEMENT OF HON. JON R. THOMAS, ASSISTANT SECRETARY, BUREAU OF INTERNATIONAL NARCOTICS MATTERS, DEPARTMENT OF STATE

Mr. Chairman:

We are pleased to participate this afternoon in the Committee's inquiry into the role of the Sandinista Government of Nicaragua in narcotics trafficking.

We believe that Nicaragua has become a transhipment point for South American cocaine destined for consumers in the United States. Moreover, there is evidence suggesting that members of the Sandinista government have not only condoned but have actively participated in narcotics trafficking activities.

Any such activity within Nicaragua, and any such participation by members of the Government, must be strongly criticized by the international community.

The Government of Nicaragua's control of overt sources of information, together with the Sandinista regime's unwillingness to cooperate with the United States on this issue, make it difficult to present a comprehensive account of

narcotics-related activity in Nicaragua. The political situation has eliminated bilateral cooperation on narcotics control and made it almost impossible to gather accurate information on a continuing basis. Moreover, Sandinista officials have denied all allegations of involvement in narcotics trafficking.

However, we believe that at least one of the most influential members of the Sandinista National Liberation Front, which controls the government, is directly and personally involved in drug trafficking, and, through him, numerous other officials. That individual is Interior Minister Tomas Borge, whose responsibilities include control of the state security and other police forces and "maintenance of internal order."

A former official of the Interior Ministry has stated publicly that Minister Borge has been actively involved in smuggling cocaine from Colombia to the United States. The information we have received is that Borge, working through a ministry-controlled company set up to earn foreign exchange, has provided Colombian traffickers with airplanes, refueling and transhipment facilities in Nicaragua. The statements of the former ministry official indicate the possible involvement of other leading members of the ruling Sandinista Front.

In one well-noted incident, photographs were taken during an undercover operation which show Nicaraguan government officials loading boxes, described as being filled with cocaine, into a small aircraft parked on the military side of Managua airport. This incident implicated another Nicaraguan, Frederico Vaughan, who is said to have close ties to Borge. Some Nicaraguans believe that the presence of the airplane in a controlled military zone also implicates Defense Minister Humberto Ortega in narcotics trafficking activities.

There is also some evidence of narcotics-related corruption beyond that involving Minister Borge and his associates. Although the Sandinista police have a specially-trained unit with responsibilities for drug and vice enforcement, the information from the former Interior Ministry official is that known criminals, including drug offenders, have been incorporated into the ranks of the Sandinista police, several at the rank of lieutenant, and that these criminals head sections within the police agency. These officials have allegedly continued to engage in drug-related criminal activity.

The information we have received indicates a particularly disturbing pattern of officially sanctioned drug crimes. The information is that these corrupt officials either consume the marijuana and other drugs confiscated by police or sell them. Some of the confiscated drugs are sent to the state security agency where they are consumed by officials or used in

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operational activities, including being planted on persons whom the security agency seeks to compromise. In addition, the information we have received indicates that the Sandinista police operate a network of informants who have a dual function: to inform the police about persons who use or deal in drugs, and, to resell drugs confiscated by police.

Drug arrests appear to be few, with only small amounts of drugs officially reported as seized. The value of the marijuana seized in one bust, which the Sandinistas called the breakup of a major trafficking ring, was only $50.

In conclusion, we have strongly expressed our concerns over involvement of Sandinista officials in cocaine smuggling. We are watching the situation closely and I would be pleased to provide any additional to this Task Force if it becomes available.

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Mr. SMITH. Thank you, Mr. Thomas.

I want to welcome one of the members of the task force, Mr. Feighan from Ohio, who has just joined us.

At this time, we have the statement, Mr. Byrne, that you submitted in full. We will make it a part of the record without objection, and you may proceed as you wish.

STATEMENT OF THOMAS G. BYRNE, DEPUTY ASSISTANT ADMINISTRATOR FOR INTELLIGENCE, DRUG ENFORCEMENT ADMINISTRATION

Mr. BYRNE. Thank you, Mr. Chairman. I am pleased to appear here this afternoon before the Task Force on International Narcotics Control, and I will highlight some of the points in my formal statement.

DEA does not have a presence in Nicaragua. Any activity in Nicaragua is covered through our office out of Costa Rica. We have received sporadic allegations that some Colombian traffickers have established cocaine conversion laboratories in Nicaragua. We do not, however, believe that Nicaragua is a drug source country, and we do know that on at least one occasion traffickers have used the country as a transit point for cocaine shipments to the United States.

During the past 2 years, DEA has received unconfirmed reports indicating that major Colombian cocaine traffickers were seeking more secure bases for their operations. Reports began soon after the seizure by Colombian authorities of nearly 10 tons of cocaine and cocaine base at Tranquilandia in March of 1984.

Despite reports that some traffickers were seeking safe haven in Nicaragua, DEA has conducted only one investigation which supports these claims. As a result of the investigation, 12 persons, including a Nicaraguan national, were indicted in the southern district of Florida.

According to the indictment, during June 1984, Pablo Escobar, Ochoa, Frederico Vaughan and others arranged for a large quantity of Colombian cocaine to be transshipped through Nicaragua to the United States. It was also learned, during this investigation, that the Colombians planned to establish cocaine laboratories in Nicaragua at a later date.

The first attempt to fly the cocaine out of Nicaragua failed when Nicaraguan military ground fire damaged the aircraft forcing it to land. Frederico Vaughan, the reported aide to the Minister of Interior, secured the release of the pilots and the cocaine. Another aircraft was obtained and 1,450 pounds of cocaine was ultimately flown into Florida. About 2 weeks after the seizure of the cocaine, $1.5 million in supplies were flown back to Nicaragua and delivered to Pablo Escobar and Frederico Vaughan.

To date, four of the defendants have pled guilty. One more was tried and found guilty. Six are fugitives. One of the key defendants, Jorge Ochoa Vasquez is in prison in Spain awaiting a decision on U.S. extradition. In a recent development, the DEA informant who flew the aircraft which carried the 1,400 pounds of cocaine from Colombia to Nicaragua and into Florida was murdered in Baton Rouge, LA, on February 19, 1986.

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Mr. SMITH. Was that Barry Seal?

Mr. BYRNE. Yes, sir.

Mr. SMITH. Excuse me, Mr. Byrne. They caught one or two of the people that they alleged carried out the execution?

Mr. BYRNE. I believe it is four, with arrest warrants for two others.

Mr. SMITH. And they are all foreign nationals?

Mr. BYRNE. Yes.

Mr. SMITH. Mostly or all South American?

Mr. BYRNE. Colombian.

Mr. SMITH. Colombian.

Mr. BYRNE. The U.S. prosecutors feel that there is enough evidence to proceed with the prosecution of Ochoa in the United States if, and when, he is extradited.

The Vaughan case is the only documented investigation DEA has conducted involving the use of Nicaragua as a transshipment point. I would be happy to answer any questions the task force may have.

[Mr. Byrne's prepared statement follows:]

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PREPARED STATEMENT OF THOMAS G. BYRNE, DEPUTY ASSISTANT ADMINISTRATOR FOR INTELLIGENCE, DRUG ENFORCEMENT ADMINISTRATION

GOOD AFTERNOON, I AM PLEASED TO APPEAR BEFORE THIS COMMITTEE'S TASK FORCE ON INTERNATIONAL NARCOTICS CONTROL. AS THE COMMITTEE REQUESTED, I WILL HIGHLIGHT THE INFORMATION WHICH THE DRUG ENFORCEMENT ADMINISTRATION (DEA) HAS CONCERNING DRUG-RELATED ACTIVITIES INVOLVING NICARAGUA OR NICARAGUAN NATIONALS.

DEA'S PRESENCE IN CENTRAL AMERICA IS LIMITED O GUATEMALA, COSTA RICA AND PANAMA. THE DEA OFFICE IN COSTA RICA IS RESPONSIBLE FOR MONITORING, TO THE EXTENT THAT IT CAN, NICARAGUA. SINCE DEA DOES NOT HAVE AN OFFICE IN NICARAGUA NOR CONTACT WITH NICARAGUAN LAW ENFORCEMENT AUTHORITIES, WE RECEIVE ONLY LIMITED DRUG-RELATED INTELLIGENCE CONCERNING ACTIVITIES IN THAT COUNTRY. I WOULD LIKE TO SHARE WHAT INFORMATION WE DO HAVE WITH THIS TASK FORCE.

DEA HAS RECEIVED NO INFORMATION CONCERNING THE CULTIVATION OF OPIUM, COCA OR CANNABIS IN NICARAGUA. ALTHOUGH UNSUBSTANTIATED, DEA HAS RECEIVED SPORADIC

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ALLEGATIONS THAT SOME COLOMBIAN TRAFFICKERS HAVE ESTABLISHED COCAINE HYDROCHLORIDE CONVERSION LABORATORIES IN NICARAGUA.

WHILE WE DO NOT BELIEVE NICARAGUA IS A DRUG-SOURCE COUNTRY, WE KNOW THAT IN AT LEAST ONE CASE, TRAFFICKERS HAVE USED THAT COUNTRY AS A TRANSIT POINT FOR COCAINE SHIPMENTS DESTINED FOR THE UNITED STATES. NICARAGUA IS STRATEGICALLY LOCATED AS AN INTERNATIONAL CROSSROADS BETWEEN DRUG SOURCE COUNTRIES IN SOUTH AMERICA AND THE UNITED STATES. THE PRINCIPAL BORDER CROSSING POINTS ARE PENAS BLANCAS ON THE COSTA RICAN AND EL ESPINO ON THE HONDURAS BORDER. IT IS ALSO POSSIBLE TO MOVE DRUGS BY VESSEL USING THE PACIFIC OR ATLANTIC COASTS.

THE ONLY INTERNATIONAL AIRPORT IN NICARAGUA IS THE SANDINO AIRPORT LOCATED IN MANAGUA. THE VOLUME OF INTERNATIONAL AIR TRAFFIC ENTERING OR LEAVING MANAGUA IS RELATIVELY SMALL. THERE ARE, HOWEVER, NUMEROUS SMALL AIRPORTS AND LANDING STRIPS WHICH HANDLE SMALL AIRCRAFT.

DURING THE PAST TWO YEARS, DEA HAS RECEIVED UNCONFIRMED REPORTS INDICATING THAT MAJOR COLOMBIAN COCAINE

TRAFFICKERS WERE SEEKING MORE SECURE BASES FOR THEIR OPERATIONS. THESE REPORTS BEGAN SOON AFTER THE SEIZURE BY COLOMBIAN AUTHORITIES OF NEARLY 10 TONS OF COCAINE AND COCAINE BASE AT TRANQUILANDIA IN MARCH 1984. DESPITE REPORTS THAT SOME TRAFFICKERS WERE SEEKING SAFEHAVEN IN NICARAGUA, DEA HAS CONDUCTED ONLY ONE INVESTIGATION WHICH HELPS SUPPORT THESE CLAIMS.

AS A RESULT OF THIS INVESTIGATION, 12 PERSONS, INCLUDING A NICARAGUAN NATIONAL, WERE INDICTED IN THE SOUTHERN DISTRICT OF FLORIDA. AMONG THOSE INDICTED WERE COLOMBIAN COCAINE TRAFFICKERS PABLO ESCOBAR, CARLOS LEHDER RIVAS, AND JORGE OCHOA VASQUEZ. THE NICARAGUAN INDICTED WAS FREDERICO VAUGHAN, AIDE TO THE NICARAGUAN MINISTER OF THE INTERIOR TOMAS BORGE.

ACCORDING TO THE INDICTMENT, DURING JUNE 1984, ESCOBAR, OCHOA, VAUGHAN AND OTHERS ARRANGED FOR A LARGE QUANTITY OF COLOMBIAN COCAINE TO BE TRANSSHIPPED THROUGH NICARAGUA TO THE UNITED STATES. IT WAS ALSO LEARNED THAT THE COLOMBIANS PLANNED TO ESTABLISH COCAINE LABORATORIES IN NICARAGUA AT A LATER DATE.

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THE FIRST ATTEMPT TO FLY THE COCAINE OUT OF NICARAGUA REPORTEDLY FAILED WHEN NICARAGUAN MILITARY GROUND-FIRE DAMAGED THE AIRCRAFT FORCING IT TO LAND. VAUGHAN SECURED THE RELEASE OF THE PILOTS AND THE COCAINE. LATER, ANOTHER AIRCRAFT WAS OBTAINED AND SEVERAL COLOMBIAN COCAINE TRAFFICKERS DELIVERED 1,450 POUNDS OF COCAINE TO THE AIRCRAFT. THIS WAS FLOWN TO FLORIDA WHERE IT WAS LATER SEIZED.

APPROXIMATELY TWO WEEKS AFTER THE SEIZURE, $1.5 MILLION, ALONG WITH OTHER SUPPLIES WAS GIVEN TO THE PILOT BY COLOMBIAN ASSOCIATES IN MIAMI. THE PILOT DELIVERED THE MONEY AND SUPPLIES TO ESCOBAR AND VAUGHAN IN NICARAGUA ON JULY 7, 1984.

TO DATE, FOUR OF THE DEFENDANTS HAVE PLEAD GUILTY; ONE MORE WAS TRIED AND FOUND GUILTY. SIX OF THE DEFENDANTS ARE NOW FUGITIVES. ONE OF THE KEY VIOLATORS, JORGE OCHOA-VASQUEZ, IS IN PRISON IN SPAIN AWAITING A DECISION ON A U.S. EXTRADITION REQUEST. WE BELIEVE THAT THE ARRESTS AND PROSECUTIONS RESULTING FROM THIS INVESTIGATION MAY HAVE DISCOURAGED ANY FURTHER ATTEMPTS BY COLOMBIAN TRAFFICKERS TO ESTABLISH TRANSSHIPMENT OR PROCESSING BASES IN NICARAGUA.

IN A RECENT DEVELOPMENT, THE DEA INFORMANT WHO FLEW THE AIRCRAFT WHICH WAS USED TO TRANSPORT THE COCAINE FROM COLOMBIA TO NICARAGUA WAS MURDERED IN BATON ROUGE, LOUISIANA ON FEBRUARY 19, 1986. THE INFORMANT WAS AN IMPORTANT WITNESS IN THIS INVESTIGATION. IT IS TOO EARLY TO DETERMINE WHETHER THIS MURDER WILL HAVE ANY IMPACT ON OCHOA'S EXTRADITION. U.S. PROSECUTORS FEEL THERE IS STILL ENOUGH EVIDENCE TO PROCEED WITH THE PROSECUTION OF OCHOA IN THE UNITED STATES IF AND WHEN HE IS EXTRADITED. THE FEDERAL BUREAU OF INVESTIGATION IS INVESTIGATING THIS MURDER.

THE FREDERICO VAUGHAN CASE IS THE ONLY DOCUMENTED INVESTIGATION DEA HAS CONDUCTED INVOLVING THE USE OF NICARAGUA AS A TRANSSHIPMENT POINT. DEA, HOWEVER, CONTINUES TO RECEIVE SPORADIC ALLEGATIONS CONCERNING DRUG-RELATED ACTIVITIES IN NICARAGUA AND WE HAVE PLACED A HIGH PRIORITY ON INVESTIGATING THESE ALLEGATIONS.

I WOULD BE HAPPY TO ANSWER ANY QUESTIONS THE TASK FORCE MAY HAVE.

Mr. SMITH. Thank you very much, Mr. Byrne.

At this time I would like to, if you can just make some room for him, to call to the table Jose Alvaro Baldizon Aviles. As I said, Mr. Baldizon is accompanied by an interpreter, Ms. Boren.

Ms. Boren, why don't you pull a chair up next to him and pull that microphone next to you, if that is possible. You better shift a little bit, you have got the reporter's tape recorder in her way. Jon, if you could just move over, shift to the left. If you would just ask him to move down a little bit to your left so you can move into the table. That's it. Very good.

STATEMENT OF ALVARO JOSE BALDIZON AVILES, FORMER CHIEF, INVESTIGATIONS DEPARTMENT OF DIRECTORATE OF INTERNAL AFFAIRS, INTERIOR MINISTRY, GOVERNMENT OF NICARAGUA, AS INTERPRETED BY RITA BOREN AND ALEX SCHIAVO, U.S. STATE DEPARTMENT

Mr. BALDIZON. Before beginning, I merely wanted to make an observation in terms of the fact that I have already mentioned some of the aspects and the situations involved, but I have omitted others because of the recommendation of DEA since this could somehow encumber their investigation.

Mr. SMITH. Let me say before Mr. Baldizon begins his testimony, I really appreciate, on behalf of the Foreign Affairs Committee, his appearing here today, and I think it would be helpful to give some background for the record.

Mr. Baldizon was born October 31, 1958, which makes him 27 years old, in Managua. He was married in 1977 to Maria del Socorro Vargas Baldizon. He has one son, Alvero Baldizon Vargas, born November 2, 1977. He had a rank of lieutenant in the Ministry of the Interior before he crossed the border into Honduras. He had fourth year secondary school education in Nicaragua, including professional criminology courses in Nicaragua and the Soviet Union.

At the time that Mr. Baldizon crossed the border from Nicaragua into Honduras, he was the chief of the special investigations commission of the Ministry of the Interior which gave him access to important information and access directly to Mr. Borge, who is the Ministry of Interior comandante running that ministry.

We are very grateful to him for being here today. His wife and his son are still in Nicaragua, and his wife is under house arrest, and his brother has been arrested in Nicaragua. His brother has been held in prison in communicado since July 31, 1985. So we appreciate his being here, and we understand the reason why some of the information that he knows, he really must not reveal at this time for fear of compromising his family who is still in Nicaragua. So we have your statement, Mr. Baldizon, and you may proceed as you wish.

Mr. BALDIZON. In 1982 when I was still working with the police directorate I heard of an order, I received a general order for, all police, from the Minister of the Interior that all the cocaine, all U.S. dollars or all precious metals seized by the police should be sent to the office of the Minister of the Interior within 72 hours. This attracted my attention because the evidence, the material

proof, was going through channels that were not established by law. That as a result, detainees were being released in view of a lack of evidence.

However, this, at that time, was a mere suspicion that I had about government involvement with narcotics traffickers. In early 1983 a woman by the name of Jacqueline Lyons Pastora was detained, was arrested. She was found to be in possession of a few ounces of cocaine, but despite of this she was only in jail for 8 hours. She was released at the order of Tomas Borge Martinez, and the cocaine was sent to his office.

I read the declaration given by this woman to the police authorities where she said she had that cocaine because she worked for the government. This involved Carlos Zaruk, Minister of Transport and Raul Venerio, head of the Air Force. Also this involved stewardesses from the airline Aeronica. (Carol Bendaña Midal, Tania Zuniga Abud, and Reyna Lucia Rocha Sofonias.)

I immediately began a process to verify the information with the help of two security officers of the state, with the Second Lieutenant Condrelo from the Territorial Counterintelligence Bureau and Lieutenant Mendoza from the security forces of Aeronica. Simultaneously an investigation was conducted related to the activities being carried out at house E-49 of Cindad Jardin in Managua showing that officers Carlos Arud, Raul Veneda, and Castillo were in charge of a drug trafficking network smuggling cocaine into Miami.

The cocaine was being brought to Miami by three stewardesses, whose names I just gave.

Mr. SMITH. Would you state the names for the record, please?

Mr. BALDIZON. Carol Bendaña Midal, Tania Zuniga Abud, and Reyna Lucia Rocha Sofonias. They smuggled the drugs in their undergarments into Miami, and at hotels they would exchange it for merchandise. From Miami to Nicaragua, they would smuggle a drug called poppers. This is a drug used by heart patients.

In Nicaragua there was domestic network led by the same people, and the people involved here were Jacqueline Lyons Pastora, Linda Vonvaya and Charlotte Novoya. This domestic network was also under the direction of the Minister of the Interior to sell drugs and to receive money from corrupt diplomats in Nicaragua.

I was acquainted with the names of some of them, but I would prefer to not mention them to avoid problems. There were people from the Embassy of France, the Embassy of Spain, also a person from the Venezuelan Embassy and a United States marine working at the Embassy.

The results of the preliminary verification process were sent to Tomas Borge Martinez. This was part of a file with several documents in it including depositions and the preliminary investigation. This case was called the Rainbow case.

On receiving my investigation, Borge kept the file and what I received back was a rather strong reprimand for having opened an investigative process without his previous approval. At the same time, I received an order in the sense that from then on any investigation or any information related to cocaine should be sent to his office, and that I should not proceed without his previous instruction.

Later I carried out several inspections for the police trial unit at the police unit 5 in Managua. I was able there to see the file of a person who had been detained by the name of Raul Castro Gutierrez, an architect of the city of Diriamba. This person had been arrested while in possession of a few ounces of cocaine, and he had been released at the orders of the minister. Later I was able to meet with Judge Yolanda Huembes and Martha Lacayo.

They told me that they were concerned because they had received several detainees that they had had to later release because of a lack of evidence, especially when these cases involve gold or U.S. dollars, and also they said that since 1981 they had had no cases before them where the cocaine was the complaint.

I reported this to the minister with no response. Later, mid-1984, I received from the Minister orders to investigate a case. Along with Borge's order as a small memorandum was attached the initial information saying that 2d Lt. David Miranda, who was head of Information and Analysis, had said while drinking with some friends that Tomas Borge was involved in cocaine trafficking.

At the top of the document there was a notation that the crime that had been committed was that of revealing state secrets, and at the bottom of the document, I was given the instructions to investigate. The instructions were to find out how David Miranda had obtained access to this information.

This information, along with the previous incidents of which I had knowledge, fully convinced me that the Government of Nicaragua was trafficking in cocaine. It was no longer a supposition on my part. However, in order to avoid any confusion, I decided to go to the office of Capt. Charlotte Baltodano. I showed her the document, and I said, "Is it true that the Government of Nicaragua is trafficking cocaine to the United States?" She smiled, but she looked a bit concerned, and she said, "Wait a minute." She called Tomas Borge Martinez, and she told him that she felt that it had been a mistake for him to send me these orders to open an investigation without first providing me with an explanation.

Tomas Borge ordered that I, as a leader of the Sandinista militants, should receive an official explanation. He sent to me for that purpose, Capt. Franco Mortealegre, who was at that time his assistant. Charlotte Baltodano and Franco Mortealegre explained the following to me: the Government of Nicaragua is trafficking cocaine, not for immoral purposes, but in order to obtain the dollars needed to finance espionage operations under the fifth Directorate (of the Interior Ministry). I was told that the Government of Nicaragua was involved in the following manner: I was told the facilities were being provided to the Colombian Mafia so that they could land at the Montelimar Airport.

The Mafia was being guaranteed protection, refueling and lodging and in exchange for this the Government was obtaining a good percentage of the cocaine business being sent to the United States. I was also told that the person in charge of directing this traffic was Paul Atta, head of H&M (Heroes and Martyrs) Investments Co. I was told that Capt. Paul Atta had been responsible for establishing the ties with the Mafia, and it had been through him that aerocommander and Navajo planes had been given to the Mafia.

On beginning the first investigations for this case, I received a counterorder from Tomas Borge saying that we should leave things as they were; that we should stop the investigation; that he didn't want this to be known by other officers, and that he personally would assume control of this operation by speaking to 2d Lt. David Miranda.

Later on during a luncheon held at Juigalpa in the Department of Chontales at the guest house of the Ministry of the Interior, several people were present: Charlotte Baltodano, Sergio Gomez, Omar Cabezas Lacayo, myself, as well as a Cuban adviser.

During the lunch, the topic of conversation was the cocaine traffic. Commander Omar Cabezas said while the United States imperialism was arming itself to the teeth thinking it was going to be attacked by the Soviet Union in a nuclear war, the United States had not yet come to realize that it was not going to be destroyed by a nuclear attack. The United States had not come to realize that what was going to destroy it was not a nuclear war, but it was going to be eroded gradually from within by ideological differences and by the drug traffic.

Here the drug traffic would accomplish three functions: damaging the future generations of the United States by corruption of youth. In this way the youth of the United States would be financing the liberation movements of the left and also the cocaine networks would be used to transfer weapons to these movements. However, clarification was made during that luncheon in the sense that there are independent traffickers that have nothing to do with leftist liberation movements.

In late 1984, while I was driving along a road close to the city of Diriamba, I saw that a small two-engine plane, blue and white in color was being attacked by antiaircraft artillery. When I came back to Managua, I found Capt. Charlotte Baltodano in Tomas Borge's office. I told them what I had seen with the plane, and I was told that, yes, this was a plane that was being operated by the Colombian Mafia that had come into the country through an unaccustomed route, and that Commander Borge was very concerned, and he was trying to find out if his plane had been shot down or if it had been able to land somewhere.

At that time a call was received from the operational post of the International Airport from Lt. Fernando Rojas saying that the plane had actually landed at the Los Brasiles Airport. Borge rushed out—no, first he called the airport, and he ordered that no one be allowed near the plane, that no one be allowed to inspect the plane until he arrived. Borge left with Capt. Charlotte Baltodano and his personal security guards to the airport.

He personally removed from the plane, along with the chief of his security escorts, two large bags containing the drugs. On the way back, the two Colombian occupants of the plane were left at the Intercontinental Hotel. Borge called Cap. Paul Atta. Borge called him telling him that—and the words he used was that he should pick up the two bags of salt at his office and allow the Colombians to continue their voyage north. So basically this is what I can tell you about the cocaine traffic. Part of what I have said is taken from an official explanation given to me at the orders of the

minister, and other parts of my remarks are things that I learned in a personal capacity.

[Mr. Baldizon's prepared statement follows:]

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PREPARED STATEMENT OF JOSE ALVARO BALDIZON AVILES

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I BECAME SUSPICIOUS OF OFFICIAL INVOLVEMENT OF THE GOVERNMENT OF NICARAGUA IN NARCOTICS TRAFFICKING IN 1982. BACKGROUND TO THIS WAS THE FOLLOWING:

THE MINISTER ISSUED AN ORDER THAT ALL COCAINE, DOLLARS AND GOLD HAD TO BE TURNED IN TO HIS OFFICE.

IT WAS OBVIOUS THAT THE CONFISCATED NARCOTICS, GOLD AND DOLLARS WERE BEING SENT TO PLACES NOT PROVIDED FOR BY LAW AND THOSE INVOLVED WERE BEING SET FREE.

AFTERWARDS, IN THE FIRST MONTH OF 1983, THE POLICE ARRESTED JACQUELINE LYONS PASTORA WITH FOUR OUNCES OF COCAINE. SHE WAS DETAINED FOR EIGHT HOURS. THE COCAINE WAS SENT TO THE OFFICE OF MINISTER. SHE MADE A STATEMENT OF THREE PAGES IN WHICH SHE SAID SHE WORKED FOR THE GOVERNMENT AND THIS WAS WHY SHE HAD COCAINE. SHE NAMED SEVERAL HIGH OFFICIALS OF THE GOVERNMENT AS COLLABORATORS IN DRUG TRAFFICKING.

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I OBTAINED A COPY OF THIS DECLARATION. DESPITE HER CONFESSION, AND THE NAMING OF OTHER PERSONS, MINISTER BORGE ORDERED HER TO BE FREED. WITH THIS STATEMENT, I STARTED AN INVESTIGATION ON MY OWN INITIATIVE, WHICH WAS NAMED "RAINBOW CASE".

AT THE CONCLUSION OF THE INVESTIGATION WE ESTABLISHED THAT HIGH GOVERNMENT OFFICIALS WERE INVOLVED IN COCAINE TRAFFICKING TO MIAMI IN THE PLANES OF AERONICA.

THE RESULTS OF THE INVESTIGATION WERE SUBMITTED TO BORGE, WITH ALL THE STATEMENTS AND INVESTIGATION RESULTS. HE KEPT THE ENTIRE FILE, MERELY SENDING ME A NOTE WHERE HE REPRIMANDED ME FOR HAVING BEGUN AN INVESTIGATION WITHOUT HIM INSTRUCTING ME TO DO SO.

IN THE SAME NOTE, HE GAVE ME ORDERS THAT, IN THE FUTURE, ANY INFORMATION RECEIVED ON COCAINE WAS NOT TO BE INVESTIGATED BY US, BUT SENT DIRECTLY TO HIM.

IN LATE 1983, DURING AN INSPECTION OF POLICE UNIT V, I WAS ABLE TO SEE A PROCEDURAL FILE CONCERNING A COCAINE TRAFFICKER. HE HAD BEEN FOUND CARRYING A FEW OUNCES OF COCAINE, AND HIS DOSSIER CONTAINED A RECEIPT FOR THE COCAINE SEIZED, THE LABORATORY TESTS FROM THE MINISTRY OF HEALTH, AND, TOWARDS THE BACK OF THE FILE I FOUND A NOTE STATING THAT THE COCAINE HAD BEEN SENT TO MINISTER BORGE'S OFFICE, AND THAT BORGE HAD GIVEN ORDER FOR HIS IMMEDIATE RELEASE.

IN MID-1984, I VISITED THE COURTS OF MANAGUA, MEETING WITH JUDGE YOLANDA HUEMBES AND THE SUPREME COURT MAGISTRATE, MARTHA LACAYO. THE TWO JUDGES VOICED THEIR CONCERN OVER THE FACT THAT SINCE 1981, NO COCAINE CASES HAD BEEN BROUGHT BEFORE THE COURTS. AND THOSE CHARGED OF ILLEGAL TRAFFICKING OF FOREIGN CURRENCIES AND PRECIOUS METALS WERE BEING RELEASED FROM JAIL DUE TO A LACK OF EVIDENCE. I SUBMITTED A REPORT ON THIS CONVERSATION TO THE MINISTER WITHOUT OBTAINING ANY REPLY.

ALL OF THESE EVENTS GAVE ME GROUNDS TO BELIEVE THAT THE GOVERNMENT OF NICARAGUA WAS INVOLVED IN DRUG TRAFFICKING BUT, THESE WERE ONLY ASSUMPTIONS ON MY PART AT THIS TIME.

IN MID-1984, I RECEIVED AT MY OFFICE AN INVESTIGATION ORDER FROM THE MINISTER OF INTERIOR, WHICH WAS DELIVERED TO ME BY CAPTAIN CHARLOTTE BALTODANO ALONG WITH OTHER INFORMATION IN THE SENSE THAT SECOND LIEUTENANT DAVID MIRANDA, CHIEF OF INFORMATION AND ANALYSIS OF POLICE, HAD TOLD FRIENDS WHILE DRINKING THAT THE MINISTER OF INTERIOR, TOMAS BORGE, WAS INVOLVED IN COCAINE TRAFFICKING WITH THE COLOMBIAN MAFIA. THE TOP OF THIS DOCUMENT INDICATED THAT MIRANDA WAS BEING CHARGED WITH THE CRIMINAL OFFENSE OF HAVING REVEALED A STATE SECRET; THE BOTTOM OF THE DOCUMENT CONTAINED INSTRUCTIONS TO ME TO INVESTIGATE HOW DAVID MIRANDA HAD OBTAINED THE INFORMATION. THIS MADE IT CLEARLY EVIDENT TO ME THAT THE MINISTER WAS INVOLVED IN THIS ACTIVITY, BUT TO AVOID A MISUNDERSTANDING,

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I WENT TO CAPTAIN CHARLOTTE BALTODANO'S OFFICE, SHOWED HER THE DOCUMENT AND ASKED HER IF IT WAS TRUE THAT THE GOVERNMENT OF NICARAGUA WAS TRAFFICK'NG IN COCAINE. SHE TOOK THE DOCUMENT AND SMILED WHILE LOOKING CONCERNED. SHE TOLD ME TO WAIT A MINUTE; SHE PICKED UP THE PHONE AND CALLED MINISTER BORGE. SHE TOLD HIM THAT SHE THOUGHT IT HAD BEEN A MISTAKE TO GIVE ME THE INVESTIGATION ORDER WITHOUT PREVIOUSLY PROVIDING ME WITH AN EXPLANATION AND THAT I WAS NOW AWARE OF THE DEALINGS WITH THE COLOMBIANS.

TOMAS BORGE IMMEDIATELY GAVE INSTRUCTIONS FOR ME, AS A SANDINISTA MILITANT AND LEADER, TO BE GIVEN AN OFFICIAL EXPLANATION. FOR THIS PURPOSE HE SENT HIS ASSISTANT, CAPTAIN FRANCO MONTEALEGRE WHO, ALONG WITH CHARLOTTE BALTODANO, EXPLAINED TO ME THAT IT WAS TRUE THAT THE GOVERNMENT OF NICARAGUA WAS INVOLVED IN THE COCAINE TRAFFIC TO THE UNITED STATES, NOT FOR IMMORAL PURPOSES (WITHIN THE NICARAGUAN CONTEXT) BUT TO OBTAIN THE DOLLARS NEEDED TO FINANCE ESPIONAGE ACTIVITIES FOR THE FIFTH DIRECTORATE AND SOME OPERATIONAL EXPENSES OF THE INTERIOR MINISTRY'S SUPERIOR DIRECTORATE. I WAS ALSO INFORMED THAT THE ACTIVITY INVOLVED GIVING PROTECTION, LODGING, REFUELING AND ACCESS TO THE LANDING STRIP IN MONTELIMAR OF COLOMBIAN TRAFFICKERS TRAVELING TO THE UNITED STATES. THEY ADDED THAT THIS PROTECTION WAS EXTREMELY PROFITABLE FOR THE GOVERNMENT OF NICARAGUA.

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THE EXPLANATION CONCLUDED WITH A STATEMENT THAT THE CONNECTION WITH THE MAFIA HAD BEEN ESTABLISHED BY CAPTAIN PAUL ATTA, HEAD OF H AND M (HEROES AND MARTYRS) INVESTMENTS COMPANY, AND THAT THIS INFORMATION WAS KNOWN TO SOME OF CAPTAIN ATTA'S OFFICIALS. THEY POINTED OUT TO ME THAT SOME AERO COMMANDER AND NAVAJO AIRCRAFT, SEIZED FROM PEOPLE RELATED TO SOMOZA'S GOVERNMENT, HAD BEEN GIVEN TO THE MAFIA.

AFTER THIS CONVERSATION, I TOLD THEM THAT I ACCEPTED THEIR EXPLANATION AND THAT I WOULD NOT BE DISILLUSIONED, ALTHOUGH THIS WAS FAR FROM BEING MY TRUE IMPRESSION. I WAS DEEPLY DISAPPOINTED AND FELT THAT THESE ACTIVITIES WERE IMMORAL AND BENEATH A GOVERNMENT WHICH CONSIDERS ITSELF TO DEFEND PUBLIC DECENCY AND UPHOLD MORALITY.

SOME MONTHS LATER, AROUND AUGUST 1984, A LUNCHEON AT THE MINISTRY'S GUEST HOUSE IN JUIGALPA CHONTALES, WAS ATTENDED BY CAPTAIN CHARLOTTE BALTODANO, SECOND COMMANDER SERGIO GOMEZ, SECOND COMMANDER ROGER CALDERA, COMMANDER OMAR CABEZAS LACAYO AND THE CUBAN ADVISER FOR THE FIFTH MINISTERIAL REGION.

COCAINE TRAFFIC WAS DISCUSSED OVER LUNCH, TOUCHING ON DIFFERENT ASPECTS: THEY EXPRESSED THE SANDINISTA VIEW THAT YANKEE IMPERIALISM WAS ARMED TO THE TEETH BELIEVING THAT THE SOVIET UNION WAS GOING TO ATTACK THE U.S. AS PART OF A NUCLEAR WAR. BUT THE YANKEES DID NOT REALIZE THAT YANKEE IMPERIALISM WAS GOING TO PERISH, EATEN FROM WITHIN BY COVERT IDEOLOGICAL SUBVERSION, THE DRUG TRAFFIC AND THE ECONOMIC COMPETITION WITH JAPAN AND THE EUROPEAN ECONOMIC COMMUNITY.

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THE TELPHONE RANG AND BALTODANO PICKED IT UP. AFTER SPEAKING ON THE PHONE FOR SEVERAL MINUTES, SHE TOLD ME THAT IT HAD BEEN HER HUSBAND 1ST LT. FERNANDO ROJAS, CHIEF OF THE OPERATIONS AT THE SANDINO INTERNATIONAL AIRPORT AND THAT HE HAD SAID THAT THE PLANE HAD BEEN LOCATED. IT HAD LANDED AT LOS BRASILES AIRPORT, 15 KM FROM MANAGUA. SHE INFORMED BORGE OF THIS AND HE IMMEDIATELY TELEPHONED TO LOS BRASILES AIRPORT AND ORDERED THAT NO ONE SHOULD APPROACH THE AIRCRAFT OR INSPECT IT. HE WOULD ARRIVE PERSONALLY AND TAKE CHARGE OF THE CASE.

AFTER THIS, BORGE, BALTODANO, AND HIS SECURITY ESCORT DEPARTED TO GO TO LOS BRASILES. THE FOLLOWING DAY BALTODANO TOLD ME THAT BORGE AND THE CHIEF OF HIS SECURITY ESCORT HAD TAKEN TWO WHITE SACKS WITH DRUGS FROM THE AIRCRAFT AND THAT THEY HAD TAKEN THE TWO COLOMBIANS WHO HAD BEEN ON THE PLANE AT THE INTERCONTINENTAL HOTEL. BALTODANO TOLD ME THAT BORGE HAD CALLED CAPTAIN PAUL ATTA TO ORDER HIM TO ENSURE THAT THE COLOMBIANS WOULD HAVE NO FURTHER PROBLEMS AND THAT THE DRUGS WOULD BE RETURNED TO THEM FOR THE CONTINUATION OF THEIR TRIP.

IN TERMS OF THE DRUG TRAFFIC, THEY SAID THAT COCAINE ACCOMPLISHED THREE OBJECTIVES: (1) IT DESTROYS AND CORRUPTS AMERICAN YOUTH SO AS TO WEAKEN AND HARM FUTURE GENERATIONS; (2) IT PROVIDES A MECHANISM WHEREBY AMERICAN YOUTH FINANCES LIBERATION MOVEMENTS; AND (3) NETWORK USED FOR COCAINE DISTRIBUTION IS USED FOR THE TRAFFIC OF WEAPONS BOUGHT ON BY THE BLACK MARKET. HOWEVER, COMMANDER OMAR CABEZAS LACAYO REMARKED THAT THERE WERE MANY COCAINE TRAFFICKERS WHO OPERATED OUTSIDE OF LIBERATION MOVEMENTS.

A FEW DAYS LATER, WHILE TALKING TO COLONEL GUTIERREZ, CUBAN POLICE ADVISOR AND POLITICAL SECRETARY OF THE CUBAN COMMUNIST PARTY IN NICARAGUA, HE CONFIRMED WHAT I HAD HEARD A FEW DAYS BACK AT THE LUNCHEON.

IN LATE 1984, I WAS DRIVING ON THE HIGHWAY NEAR THE CITY OF DIRIAMBA AT ABOUT 5 PM WHEN I NOTICED A SMALL BLUE AND WHITE BI-MOTOR AIRCRAFT BEING FIRED ON BY ANTI-AIRCRAFT ARTILLERY OF THE AREA. UPON ARRIVING IN MANAGUA, I WENT TO THE MINISTER OF INTERIOR'S OFFICE WHERE I MET CAPTAIN CHARLOTTE BALTODANO. I DESCRIBED WHAT I HAD SEEN CONCERNING THE AIRCRAFT, AND SHE SAID TO ME THAT THIS WAS ONE OF THE COLOMBIAN DRUG TRAFFICKERS AIRCRAFT WHICH HAD ENTERED THE COUNTRY BY A ROUTE NOT NORMALLY USED AND THAT COMMANDER BORGE WAS DEEPLY WORRIED AND WAS TRYING TO DETERMINE WHETHER THE PLANE HAD BEEN SHOT DOWN OR WHERE IT HAD LANDED.

Mr. SMITH. Thank you very much, Mr. Baldizon. Before we begin questioning, I would like to ask you a question. You are here as a voluntary witness. You are not under oath

Mr. BALDIZON. You are correct. I am here as a voluntary witness. I feel that it is my moral duty to testify before this committee, although I know that there can be reprisals taken against my family in Nicaragua.

Mr. SMITH. We understand that, and we appreciate deeply the position you are in and that you have the courage to come to testify. But everything that you told us today is the truth; is that correct, and most of this is your firsthand knowledge?

Mr. BALDIZON. Yes. Firsthand knowledge or my personal investigations.

Mr. SMITH. Thank you very much.

Tell me, Mr. Baldizon, what actually made you leave Nicaragua.

Mr. BALDIZON. It was not only what I came to know about this immoral activity of cocaine traffic that led me to leave the country, there were countless situations that led me to feel great disappointment regarding the Marxist/Leninist philosophy. I was a Marxist, and I became very disappointed when seeing the different abuses committed against the population, the corruption, the violation of human rights.

All of this led me to defect and to separate myself. I no longer wanted to be an accomplice of a government that I considered to be corrupt and immoral, the Government of Nicaragua, especially since they set themselves up as such a self-righteous government. I think they are doubly corrupt.

Mr. SMITH. And how did you effect your escape from Nicaragua?

Mr. BALDIZON. First I contemplated the possibility of asking for exile in an embassy. However, a young man from Nicaragua, an army officer who had defected by asking for exile in the Costa Rican Embassy was forceably removed from that Embassy and wounded in the leg. Also I knew of two personal friends of mine who had been killed by the Government because they had too much information, after they said they wanted to leave the Government.

These two names are Marco Hernandez, head of the personal security police, and Martha Barbosa, who was head of the political department for the police. So I discarded the possibility of seeking exile in an embassy and awaited the chance for some investigation along the border.

On June 29, 1985, I received information regarding contraband being sent to Honduras from the head of the state security in the department of Chitanga. When I saw exactly how the contraband was being smuggled across the border, I followed their track.

Mr. SMITH. And went across the river to Honduras?

Mr. BALDIZON. Pardon?

Mr. SMITH. And went across what, a river?

Mr. BALDIZON. Yes, the Guacale River on the Pacific side, the border with Honduras.

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MOTIVES FOR GOVERNMENT INVOLVEMENT IN DRUG TRAFFICKING

Mr. SMITH. Let me ask you, Mr. Baldizon, do you believe that Mr. Borge is in the drug trafficking business for himself or do you believe that the activity of smuggling drugs and helping drug traffickers is sanctioned by the whole Sandinista ruling junta?

Mr. BALDIZON. I feel that not only is Borge involved, because the Aerocommander and the Navajo planes were under the Air Force. Hence, Ortega Humberto Saavedra, who is the commander (Minister of Defense), would necessarily have to be involved because he was instrumental in the planes being given to the Mafia. Also several times Humberto Ortega and Tomas Borge have visited the Montelimar Airport.

Regarding the purpose or the final destination of drug money, I can tell you that it is not only being used to fund intelligence operations. The proceeds from the drug traffic is also being used to the finance personal well-being of the commanders' families. Borge, for example, has a collection of Rolex watches, as well as some 1,000 video cassettes that he has brought to him from the Panama Canal Zone. Also these moneys are being used to provide maintenance to some 20 Mercedes Benzes, and were used to pay for the two Jaguars that are parked in the yard of Borge's house, and also the proceeds are used to maintain a whole harem of women.

Mr. SMITH. I don't blame you for getting discouraged with Marxist/Leninists.

Mr. BALDIZON. Also these moneys are being used to finance trips for relatives during vacation periods to Europe, the United States, the beaches of Biandero in Cuba. And also this money is being used to form around each of them a protection based on corruption. From the narcotics money, Tomas Borge Martinez has given new automobiles brought in from Panama to Montealegre, to Charlotte Baltodano, to Lieutenant Rojas, new Volvos, new Toyota Corollas. He has also given cars to some Americans, Americans that I know and that live in Nicaragua.

Mr. SMITH. Let me ask, and my time has certainly expired, but first of all, are you aware of the expression that all men are created equal, but some are more equal than others?

Mr. BALDIZON. Yes.

Mr. SMITH. Is this the case of the comandantes in Nicaragua.

Mr. BALDIZON. Yes.

Mr. SMITH. You didn't have any of the things you just described that Borge has?

Mr. BALDIZON. That's true. I did not receive the things that Borge has, but I did have a car assigned me, a Jeep Niva, a brand-new one, as well as 125 gallons of fuel per month at no charge. Also my wages were 25,000 cordobas monthly, which is not the top remuneration, but the next category down. Also I was going to be assigned an apartment in a new building that Tomas Borge is building behind his house, as well as access to a special store where only officials of the Ministry of the Interior have access.

PHOTOGRAPHIC EVIDENCE OF DRUG SMUGGLING

Mr. SMITH. Let me ask you, Mr. Thomas, we have some photographs, and I don't know whether it is DEA photographs? Can you

identify those photographs for me, what you have taken, how they were obtained, as best you can detail how they were obtained, and let me know what they are, what they show as far as your agency is concerned? Then I want to ask Mr. Baldizon if he recognizes anybody in the photographs.

Why don't you go ahead right up to the easel.

Mr. BYRNE. In June 1984, a DEA informant operating a C-123 aircraft entered Nicaragua arriving at the Los Brasiles airfield, which is a military airfield several miles northwest of the Sandino International Airport in Managua. This is a photograph of the military airfield at that airport. The C-123 is basically a military cargo aircraft. We had installed a remote controlled camera inside just forward of the ramp. The camera was remotely controlled to take photographs when the loading operation took place.

What is occurring here is the DEA informant is receiving a burlap wrapped package of cocaine, which he will then bring inside the aircraft.

Mr. SMITH. So that is an off-load being made.

Mr. BYRNE. No, it is an on-load.

Mr. SMITH. It is an on-load?

Mr. BYRNE. An on-load in Los Brasiles which is in route, then, to Florida.

Mr. SMITH. Go head. Continue with the next picture.

Mr. BYRNE. Well, the next photograph is, again, taken by the same camera equipment. This is a jeep backed up to the aircraft.

This is Pablo Escobar. He is a Colombian national who was indicted in this case.

Mr. SMITH. Is that from the rear of the aircraft again?

Mr. BYRNE. That, again, is another exposure from that same photo system.

Mr. SMITH. Where did that plane originate?

Mr. BYRNE. In the United States.

Mr. SMITH. The plane originated in the United States.

Mr. BYRNE. Right.

Mr. SMITH. So we had in fact put the camera in that plane in the United States.

Mr. BYRNE. Yes, we managed to take the picture.

Mr. SMITH. Do you have another one there?

Mr. BYRNE. And this photograph, again, is the DEA informant and Pablo Escobar.

Mr. SMITH. Mr. Baldizon, do you recognize any people in that picture?

Mr. BALDIZON. At the airport, yes, sir, I do know him.

Mr. SMITH. Would you please identify yourself for the record?

Mr. SCHIAVO. My name is Alex Schiavo. I am contract interpreter with the State Department.

Mr. BALDIZON. There is a thin man with a moustache in the picture, someone I know. I have seen him. The thin man on the other side. I don't know his name.

Mr. SMITH. You don't know his name. Do you know where he worked?

Mr. BALDIZON. No.

Mr. SMITH. Was he connected with the Government?

Mr. BALDIZON. I, of course, knew most faces of the people that worked for the Minister of the Interior. However, I don't know all the faces of people who worked for the Department 5 of the Minister of the Interior and the H&M Corp.

Mr. SMITH. Did you know Mr. Escobar?

Mr. BALDIZON. No. The thin fellow with the moustache I remember—recall having seen him several times at the metro center commercial shopping center in Managua. In fact, I remember seeing him at a real estate office which is owned by H&M Enterprises.

Mr. SMITH. H&M Enterprises is that organization run by Captain Atta?

Mr. BALDIZON. In fact H&M is an investment holding company. They have investments nationally and internationally and it is owned by Tomas Borge, but run by Capt. Paul Atta.

Mr. SMITH. This Los Brasiles airfield is a military airfield; is that correct?

Mr. BALDIZON. The Los Brasiles Airport is a facility that is not exclusively under military jurisdiction. It is in fact partially under the control of the state security apparatus and it also involves the domestic security apparatus, and it serves as a landing strip and also a training field for crop dusting.

Mr. SMITH. That was my next question.

Mr. BALDIZON. But Los Brasiles is off limits for international flights and for any flights that have not obtained prior clearance.

Mr. SMITH. So they could not have landed there unless somebody in the Government had given them permission to land.

Mr. BALDIZON. No.

Mr. SMITH. Thank you very much, and, again, we appreciate your being here, and we know of the concern and share the concern for your family.

Mr. Gilman.

ADDITIONAL EVIDENCE OF NICARAGUAN INVOLVEMENT

Mr. GILMAN. Thank you, Mr. Chairman.

Mr. Thomas, I note that in your testimony you are referring to the evidence that has come to our department with regard to Nicaraguan involvement. Besides the testimony of Mr. Baldizon and the arrest in Canada, the arrest in Florida, is there any other evidentiary material that has come to your attention that shows Nicaraguan involvement in drug trafficking?

Mr. THOMAS. There have been many allegations made over the course of the past few years, some of them with much more evidence than others, and I think, as Mr. Baldizon has pointed out this afternoon, that there obviously are a number of additional officials linked to this type of activity whom we are not aware of. But at this time, I believe that we have a fairly good idea specifically of those Nicaraguans involved, and I do not have substantial information to indicate that there is any one whom I have not mentioned who may have direct involvement in narcotics trafficking.

Mr. GILMAN. Then are these the three hard core pieces of evidence that we have with regard to some involvement of people in the Nicaraguan Government in Nicaragua trafficking.

Mr. THOMAS. I think what is fair to say is that these areas of evidence, which I believe are pretty substantial, have been borne out time and time again by statements coming from individuals, particularly those from individuals like Mr. Baldizon. So the evidence that we developed has been significantly and continuously substantiated.

Mr. GILMAN. Mr. Byrne, have we explored with the defendants in both the Canadian arrest and the Florida arrest any further involvement that they may have had? Have we had an opportunity to find out if there is anything further that they may have been involved in besides the incident for which they were arrested?

Mr. BYRNE. Not in the Canadian case.

Mr. GILMAN. And what about in the Florida case?

Mr. BYRNE. I am not sure of the status of that, but that certainly would be one of the questions.

Mr. GILMAN. You haven't had any further information.

Mr. BYRNE. No further information.

Mr. GILMAN. Am I correct that these are the three major instances that we have with regard to trafficking by people in the Nicaraguan Government?

Mr. BYRNE. In substantive cases, yes.

Mr. THOMAS. I might add, Congressman Gilman, that recently Antonio Farach, former Minister Consular at the Nicaraguan Embassies in Honduras and Venezuela, stated in testimony to a United States Senate subcommittee that Nicaraguan Minister of Defense Humberto Ortega, who is the brother of President Daniel Ortega, met with a Cuban counterpart, Raul Castro, to discuss a so-called new business venture and involved with narcotics trafficking. And Farach, who could not provide details of this business venture, did provide certain allegations, however, which would indicate involvement of these officials.

Mr. GILMAN. And have any of these facts been presented in a formal manner to the Nicaraguan Government?

Mr. THOMAS. They have certainly been raised with the Nicaraguan Government. I have not been present myself in a formal presentation to Nicaraguan officials, but certainly these statements, some of which have of course resulted in indictments, have been made publicly and are very well known to Nicaraguan officials, and I have read on many occasions the responses to these statements, and of course, they deny everything as we would expect.

Mr. GILMAN. Has your office made a formal presentation to the Nicaraguan Government with regard to the allegations presented here today?

Mr. THOMAS. Is that directed to me? No, my office has not.

Mr. GILMAN. Has the State Department done that?

Mr. THOMAS. The State Department and my office have raised this issue considerably publicly. I am not aware of this being addressed formally to the Nicaraguan Government. We do have contacts, of course, with the Nicaraguan Government, various discussions, and it is my belief that certainly this has been, at one point or another, discussed, but I can't give you any details of it.

Mr. GILMAN. Do we intend to bring it up in a formal matter with them?

Mr. THOMAS. We have discussed this on numerous occasions in a public setting. We know what their response has been, and I am afraid that I wouldn't expect much difference in their response whether we raise it formally or not.

Mr. GILMAN. Has their response always been a denial?

Mr. THOMAS. Yes, sir.

Mr. GILMAN. Mr. Baldizon, besides the Minister of Interior's office and the Defense Ministry, is there any other official or governmental office in Nicaragua that you are aware of that is involved in narcotics trafficking?

Mr. BALDIZON. Of course, aside from Tomas Borge Martinez, sir, we have Capt. Paul Atta, certain officers from H&M Enterprises who have affected the liaison with the sources. Evidently there are officers who are operationally involved, and of necessity, would have to be operationally involved in it, such as the chief of police and the chief of the state security agency.

POLICE INVOLVEMENT IN DRUG TRAFFICKING

Mr. GILMAN. Does he have knowledge of whether the chief of police or his lieutenants are directly involved in narcotics trafficking?

Mr. BALDIZON. The chief of police and his staff, of course, do not participate directly in the traffic. However, they are cognizant of it, and by way of necessity they have to cover it up.

Mr. GILMAN. Are there any police personnel involved in the narcotics trafficking?

Mr. BALDIZON. There is the deputy chief of police, Silvio Lacaso Marinco and other officers of the Lacra, the drug repression agency.

Mr. GILMAN. And are they involved in narcotics trafficking?

Mr. BALDIZON. Yes, but they deal mostly with marijuana in Nicaragua, the traffic of marijuana.

Mr. GILMAN. These police personnel are directly involved in drug trafficking?

Mr. BALDIZON. Domestic traffic of marijuana within Nicaragua, yes.

Mr. GILMAN. With regard to the trafficking, is this mostly traffic with Colombia and with cocaine?

Mr. BALDIZON. It is directly related to Colombia because Nicaragua provides them, in exchange for a percent of the profits, with landing rights, operational rights, lodging, refueling facilities and other forms of support.

Mr. GILMAN. Do you know the names of any of the Colombian people who are supplying the narcotics through the Nicaragua people?

Mr. BALDIZON. Of course, I don't, sir. Had I known names and faces, probably this would have gone far toward enhancing my investigations and probably I would not be here today as a result.

RESULTS OF MR. BALDIZON'S NARCOTICS INVESTIGATIONS

Mr. GILMAN. The investigations you conducted, were they turned over to some Nicaragua governmental official?

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Mr. BALDIZON. Yes, sir, we have the Minister of Transportation, Zaruk, Comdr. Raul Veneda, the chief of the Air Force, as well as an aide to Tomas Borge, Captain Castillo, several air flight attendants from Aeronica, and Zuniga, and Suponia, the names that I mentioned earlier.

Mr. GILMAN. When did you turn that over to Mr. Borge's office? When did you turn that investigation over to Mr. Borge's office?

Mr. BALDIZON. Late 1983.

Mr. GILMAN. Was anything done with the results of that? Were there any prosecutions or any convictions?

Mr. BALDIZON. The results of the investigation were submitted to Borge with all the statements and investigation results. He kept the entire file and merely sent me a note where he reprimanded me for having begun an investigation without him instructing me to do so. He also gave me orders that in the future any information received on cocaine or as a result of the investigation was not to be investigated by us, but sent directly to him.

Comdr. Raul Veneda is the representative of Nicaragua at the Inter-American Defense Board or the Inter-American Treaty of Reciprocal Assistance. Carlos Arud is also working in the Government in one of the ministries. Fena Zuniga is the head of the offices of Aeronica and here.

Mr. GILMAN. Mr. Baldizon, what you are telling this committee, then, is that today there are a number of Nicaraguan governmental officials who are involved in narcotics trafficking based; that you turned the investigations over the Nicaraguan Government through the Minister of Interior; that as far as you know there have been no prosecutions and no convictions. Is that a fair and accurate summary of your statement?

Mr. BALDIZON. Indeed, sir. That is quite precisely what I said. The results of the early investigations—they resulted in no indictments.

Mr. GILMAN. Mr. Thomas, this has all been made public, and the Nicaraguan Government in general is aware of these allegations. Is that what you are saying to the committee?

Mr. THOMAS. There is no doubt that they are completely aware of the evidence that we have available to us.

Mr. GILMAN. And as far as you know, there has been no further action by the Nicaraguan Government with regard to these allegations.

Mr. THOMAS. Nor do I expect any.

Mr. GILMAN. Thank you. Thank you, Mr. Chairman.

Mr. SMITH. You're welcome. Mr. Feighan.

Mr. FEIGHAN. Thank you, Mr. Chairman.

Mr. Baldizon, let me thank you for your courage and your candor in presenting the testimony today, as well as the testimony that you have provided on a number of other occasions concerning a much broader area of activities within the Sandinista government. It has been a valuable assistance to us in understanding the nature of that regime.

Your testimony today is clearly the first public comprehensive, insider's testimony about drug trafficking activities within the Sandinista government. Do I understand from your testimony that you believe the primary purpose of that drug trafficking is to finance

the surveillance and other clandestine activities of the Interior Ministry of the Sandinista government?

Mr. BALDIZON. Precisely, this is the procedure used to finance the spying operations under Directorate 5 in the United States and other areas of the Americas.

Mr. FEIGHAN. Is there any way, Mr. Baldizon, that you are able to estimate the revenues, the profit that may have flowed to the Sandinista government from both the activities that resulted in actual quantities of cocaine and other illicit narcotics coming to Mr. Borge's office, as well as the trafficking that involved transshipment primarily from Colombia, but landing at facilities in Nicaragua and then moving on to points in the United States?

Mr. BALDIZON. It is very difficult, sir, to give you an approximation or even an estimate on the percentage that the Government of Nicaragua may have derived from these types of activities. However, I think it would be safe to assume that it goes to millions and millions of dollars. As you know, sir, drug trafficking is perhaps one of the most profitable activities in the world today.

CONNECTION BETWEEN CUBAN AND NICARAGUAN DRUG TRAFFICKING

Mr. FEIGHAN. Mr. Baldizon, you gave us testimony regarding a number of instances of Colombian trafficking involvement. In American news reports over the past several years, there have been numerous references and suggestions that there is a fairly direct and fairly productive link between official Cuban trafficking and Nicaraguan trafficking. Officially, I mean between representatives of those two governments.

Are you aware of, first, those reports, and do you have any knowledge or evidence that could corroborate those?

Mr. BALDIZON. Yes. I can assure you, sir, that it comes from Cuba. In Cuba there is a counterpart organization to H&M Enterprises in Nicaragua. And H&M Enterprises and the Cuban counterparts are investment holding agencies. Their mission basically is to make investments in other countries in the world on behalf of the Governments of Cuba or Nicaragua, and in a way that is covert—in other words, that would not show these Governments as the investors.

And this is not only limited to drug trafficking, but also investments in a hotel, real estate, restaurants, and also they are apparently making a lot of money with the pirating of video tapes.

Mr. FEIGHAN. Are you able to tell us whether or not to your knowledge Robert Vesco has in the past or continues to play a significant role in that Cuban/Nicaraguan relationship?

Mr. BALDIZON. There is very little I can advance to you, sir, as regards to Robert Vesco. I was quite familiar with Robert Vesco's name from during the Somoza years, but very little that I could tell you or advance to you in this connection.

MONITORING OF NARCOTICS TRANSSHIPMENTS THROUGH NICARAGUA

Mr. FEIGHAN. Thank you, Mr. Baldizon.

Mr. Byrne, you testified that we have DEA agents in Costa Rica who would have jurisdiction in Nicaragua. Could you summarize for us what the policy bases are for not—some of which I think are

obvious, but if you could elaborate on them—for not locating some of those agents in Managua.

Mr. BYRNE. Well, first of all, DEA doesn't have jurisdiction in foreign countries. We are guests of the host government. I think the question is self-evident, that the Nicaraguan Government will not allow DEA to be there.

Mr. FEIGHAN. That is exactly what I wanted to elicit. Has there been an effort at any time in the past several years to secure that agreement?

Mr. BYRNE. No; there hasn't, and the key to our involvement with a foreign government is the degree of desire of the host government to work with us, and at this point we have absolutely no indication that the Nicaraguan Government wishes to work with us.

Mr. FEIGHAN. Let me ask you, this, then: Mr. Baldizon testified to some, what seemed to be, extensive transshipment of narcotics from Colombia. What is our capability of monitoring that transshipment?

Mr. BYRNE. Given the situation, we try to do the best we can. We are not in the country.

Mr. FEIGHAN. I understand, but if we would make that effort from Costa Rica, do we have a capability to monitor that kind of transshipment if it is by air?

Mr. BYRNE. Not directly.

Mr. FEIGHAN. Mr. Thomas, did you want to expand on that?

Mr. THOMAS. Most of the cocaine being transshipped through Central America is shipped by air using facilities where these narcotics traffickers can arrange them, and obviously we are aware of this air traffic headed our way. A significant quantity of cocaine is seized every year now in Mexico and is increasing in size. So we know that a good deal of air traffic is coming through Central America, including Nicaragua, and we certainly are trying to monitor those activities as they approach our border or in special operations in the Caribbean.

Mr. FEIGHAN. Thank you very much.

Mr. SMITH. Mr. Lagomarsino.

Mr. LAGOMARSINO. Thank you, Mr. Chairman. I want to commend you, Mr. Chairman and the vice chairman, Mr. Gilman, for holding this hearing. I think it has been extremely useful and helpful to us.

Mr. Byrne, on page 4 of your statement, you talk about the results of the trial in Miami. You say four of the defendants have pleaded guilty, and one more was tried and found guilty. What is the exact charge that they were found guilty of and that the one pleaded guilty to?

Mr. BYRNE. I don't have the exact results of which count they pled guilty to, but the general indictment charged conspiracy to transport controlled substances, cocaine, into the United States.

Mr. LAGOMARSINO. From Nicaragua?

Mr. BYRNE. Yes. Some of the individual defendants were charged with various crimes along the way beginning in Colombia. Not all of the defendants were charged in all of the same counts.

Mr. LAGOMARSINO. But were some of the counts of which they were found guilty or pleaded guilty to, did they involve the Nicara-

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guan connection? Did they include counts that related to trafficking from Nicaragua?

Mr. BYRNE. Yes; the defendants who were arrested in Florida in possession of cocaine, were charged with possession of cocaine shipped from Nicaragua.

Mr. LAGOMARSINO. OK; thank you.

Mr. Baldizon, I want to join in welcoming you here today and commend you for your bravery in doing so. I know it is not easy and you do still have a wife and relatives in Nicaragua. It cannot be an easy thing for you to come here and testify as you have done.

You mentioned, and one of the other witnesses pointed this out also, but I would like for you to also confirm this: you mentioned that Humberto Ortega, the Defense Minister, was involved in drug trafficking. Is that correct?

Mr. BALDIZON. Humberto Ortega and Tomas Borge have several times visited the Montelimar Airport. In fact, the Aerocommander and the Navajo aircraft that were confiscated from the Somoza regime, when they were forwarded to the Colombian connection, they were actually being held and under the responsibility of the Minister of the Air Force, and they were being kept in Air Force hangars.

Mr. LAGOMARSINO. Now Humberto Ortega is the brother of Daniel Ortega, President of Nicaragua, correct?

Mr. BALDIZON. Correct, sir; he is Daniel Ortega's brother, but he has some ascendancy over Daniel Ortega.

Mr. LAGOMARSINO. Some ascendancy over Daniel Ortega?

Mr. BALDIZON. It so happens that Daniel Ortega is the constitutional President, but he is more of a facade to maintain the facade of a constitutionality. In fact, all decisions made by Daniel Ortega are only made by him with prior approval and clearance by the national committee in which his brother has a very good deal of control.

Mr. LAGOMARSINO. Thank you. You mentioned in your testimony a luncheon at the Ministry's guest house, and you mentioned also who was there, including the Cuban adviser for the fifth ministerial region. Could you identify—and I think you did identify the Cuban for us. Could you do that again for us, please?

Mr. BALDIZON. Yes, sir; this was a Cuban adviser to the fifth military region at that luncheon, and I forget his name. I apologize, but I forgot his name, but at that same luncheon we had Capt. Charlotte Baltodano, Second Comdr. Sergio Gomez, and Comdr. Omar Cabezas Lacayo.

Mr. LAGOMARSINO. Did the Cuban take part in the discussion about why the narcotics trafficking was going on?

Mr. BALDIZON. Indeed; there was a strategy luncheon in which there were discussed how drug trafficking would impact on the United States, hitting capitalism at its very structure.

Mr. LAGOMARSINO. And the Cuban took part in that discussion?

Mr. BALDIZON. Yes. Well, in fact, I know that other conversations were also had at Lacolina, which is the protocol lodgings or the facilities that are used to lodge the Cuban advisers in which I remember Sergio Gutirrez, who was the Cuban adviser to the national police had to express his views repeatedly on this.

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Mr. LAGOMARSINO. From what you have told us and from what I have heard you say before, apparently Cuban presence is rather extensive in Nicaragua in the Interior Department and the intelligence operations.

Mr. BALDIZON. In fact I would dare say that no governmental agency, military or civilian agency of the Nicaraguan Government exists today that is not a replica of Cuban agencies that are used for repression in Cuba.

HUMAN RIGHTS ABUSES IN NICARAGUA

Mr. LAGOMARSINO. In answer to the chairman's question as to why you left Nicaragua, one of the reasons that you gave was the violation of human rights by the Nicaraguan Government.

Mr. BALDIZON. Human rights was one of the reasons, of course; but first and foremost, perhaps, was my own disillusionment with the Marxism/Leninism as I was able to compare Marxism/Leninism in theory and Marxism/Leninism in practice. I came to realize rather quickly that the theories of Marxism/Leninism, that is, the measures that were based on Marxism/Leninism, whenever they were applied by the Government on Nicaragua, they were entirely rejected by the Nicaraguan people due to the inherent individualism of the Nicaraguans and also their specific features and culture.

I then came to realize that the Nicaraguan Marxist/Leninist regime, as well as any other type of Marxist/Leninist regime throughout the world can only stay in power through massive repression against the people. And also I came to realize that most of the economic failures that are now attributed to the Nicaraguan Government are due to the wrong premise. They are operating on the mistaken assumption that labor creates the wealth of a society, where it is not true. It is the freedom to compete, the freedom to apply their creativity and the solution of their problems is what makes a society wealthy.

Mr. LAGOMARSINO. Because of your work in the Interior Ministry, were you aware of any Government effort to cover up human rights abuses by the Government?

Mr. BALDIZON. In fact since 1981, the Government of Nicaragua has done a great deal of covering up of human rights violations, and also the Government of Nicaragua is attempting to delude, constantly attempting to delude human rights commissions from other countries. Let me give you an example dating back to 1981. About 15 prisoners rioted at the Zona Franca Jail in Managua.

Tomas Borge came to the area with special troops, and they began to fight with the prisoners who had rioted. Seven of the prisoners were killed in action. The others who surrendered ultimately were then sent to another area, a large hall behind the jail and they were shot. However, Amnesty International accepted the Nicaraguan Government's version without any doubts or any questions. And I wouldn't say that Amnesty International has taken the Government's side with bad intentions, but the Government of Nicaragua simply mixed the bodies of the victims, those who were shot in action during the riot and those who were shot after the riot. They put them all together, and that way they were not able

to distinguish the ones who were killed in the rioting from those who were executed later.

If there had been a post mortem, it would have been seen that the corpses of those who had been shot with 9 millimeter bullets had been shot afterward. Whereas the ones that were shot with 7.62 millimeter bullets were those who were killed in action during the riot. But the Government really did not allow them to conduct a post mortem or an indepth investigation. That is how they have succeeded in deluding outsiders not only about assassinations and killing of people, but also about kidnapings and when they make a person disappear, and they delude the International Human Rights Commissions.

Mr. LAGOMARSINO. Thank you.

Mr. Chairman, I would suggest that—perhaps this is not the right committee to do it, but that we have Mr. Baldizon come back to elaborate on some of the things that he is talking about now.

Mr. SMITH. Well, if Mr. Baldizon agrees to do it, I think that Mr. Yatron, the chairman of the Subcommittee on Human Rights and International Organizations would be most grateful for testimony before his subcommittee on this very issue. I don't want to get into that. That is not the reason we are here today, but I think that that testimony is very important.

Let me ask you, did you know Mr. Antonio Farach?

Mr. BALDIZON. I did not.

Mr. SMITH. He has testified apparently he worked at the Honduran Embassy. Is that correct, Mr. Thomas.

Mr. THOMAS. He was the Minister Consular at the Nicaraguan Embassy in Honduras.

Mr. SMITH. Right; he worked at the Nicaraguan Embassy in Honduras.

Mr. THOMAS. And Venezuela.

Mr. SMITH. And Venezuela. So he was a member of the Government's bureaucracy. He testified that he provided Nicaraguan passports to Latin Americans and Middle Easterners who were involved in drug trafficking. He also said that international travel documents were issued fraudulently by the Government of Nicaragua to drug traffickers under the orders of the Foreign Minister.

Do you have any knowledge of such activities of Nicaraguan officials?

Mr. BALDIZON. I know that the Government of Nicaragua issues documents to members of certain organizations. I know nothing concerning the statements made by Mr. Farach. But I know that in the Ministry of Foreign Affairs there is a Department of Public Relations and there is a section devoted exclusively to audio visual equipment. Within that department there is a laboratory that is used only for counterfeiting documents.

In fact the head of that laboratory is a man by the name of Laoni, a Nicaraguan photographer who for over 10 years had worked with the Sandinista Liberation Front in counterfeiting documents.

WHAT IS H&M INVESTMENTS?

Mr. SMITH. Mr. Thomas, Mr. Baldizon in his testimony alluded to H&M Investments run by a Captain Atta. What can you tell us about H&M Investments? Who owns it? What is its purpose? Where does it operate? Does it have any relation to drug trafficking as far as you or the DEA would know? And, also does it have any offices or investments here in the United States?

Mr. THOMAS. I know that this particular office is a dependency of the Ministry of Interior which was set up for controlling investments and other activities. I am not aware of any investments by that organization here in the United States. It is certainly possible.

Mr. SMITH. Do we monitor through your agency or the DEA what is going on with H&M Investments, which apparently is a mirror image or a counterpart of what the Cubans have as well?

Mr. BYRNE. We don't have any information about it being active in the United States.

Mr. SMITH. Well, but they are apparently active in other countries. Are we monitoring what they are doing in other countries, and if we are not, why not? Mr. Baldizon's testimony is that they are basically laundering drug money and using it to invest it in other businesses to come out with clean dollars which we are all painfully aware here in our own country. Why aren't we monitoring what they are doing elsewhere?

Mr. BYRNE. DEA has no information on H&M.

Mr. SMITH. Well, this is not the first time that H&M has been brought up in Mr. Baldizon's testimony, which I find extremely credible, very revealing, and very important to us. I would imagine it would provide us with a basis for finding out about H&M, and I would urge you to do it immediately. I am very surprised that we are not doing it now.

There are allegations that Nicaraguan diplomats are involved in drug smuggling through the diplomatic pouch. Mr. Thomas, we know of the man in Canada and another also that happened a few months subsequent to that one. Do we follow along these cases; are we aware of anything else that has been going on? Are we monitoring the situation in terms of Nicaraguan diplomats?

Mr. THOMAS. Yes; we certainly try and monitor it closely. There have been examples of Nicaraguan diplomats involved. There have been a number of examples in the past of Cuban diplomats being involved. In fact, there is no doubt that the Cuban Government's direct involvement with facilitation and narcotics trafficking was closely linked to activities of the diplomats and Panama.

You mentioned this H&M organization. There is a similar organization in Cuba that we believe had some connection with this narcotics trafficking, and we found in other countries such as Bulgaria, that agencies like Kintex, which is nothing more than a state trading organization much like this; that these can be used and have been used as fronts. Obviously the diplomatic pouch and privileges afforded diplomats provide certain opportunities to be used, and it is of no surprise to us that in this case Nicaragua, the little brother, learned much of their tactics and techniques from their big brother, Cuba.

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USE OF DRUGS TO ENTRAP INNOCENT PEOPLE

Mr. SMITH. Mr. Baldizon, is there any substance as far as you know to the allegation that drugs are sometimes used by the Sandinistas to implicate innocent people? Could you comment on the charges that drugs are sometimes used to coopt or compromise opposition political figures in Nicaragua?

Mr. BALDIZON. The state security apparatus in Nicaragua has a department F-6, which uses elements that are recruited from jails and from the criminal elements in our society. They have specialists such as second-story men, car thieves and thieves in general. These are specialists utilized by the department F-6. They are specialists in breaking and entering and also break and enter into automobiles with the purpose of planting drugs which will then later be searched by the authorities at either the dwelling or the automobile will then be confiscated by the Nicaraguan authorities.

In fact I know of a case a few months prior to my defection, the case of Eric Altamirano in Managua. This young man had an automobile, a Renault automobile, which was confiscated by that method, and I know that that same automobile, while the owner was in jail, his automobile was given to a lieutenant in the police force. Also as a tool of repression, the Government of Nicaragua has set up a law, rather an act called the Jurisdictional Law Enforcement Act.

In fact under article 149 of the Law Enforcement Jurisdictional Act, the chief of police is empowered to sanction—in other words, to arrest anyone without any due process whatsoever, without recourse to an attorney for a period of 2 to 6 years without any process in cases involving drug traffic. So by planting evidence and false evidence, they are able to remove from the public view or from circulation those elements from the opposition that might cause embarrassment.

Mr. SMITH. Do you know of any specific instances where we have had leading opposition figures removed from circulation with that method?

Mr. BALDIZON. This type of repression is used with elements of the opposition who may be quite belligerent but not internationally known. They would not use the same methods with those leaders of the opposition who are known abroad. The only possibility would be to recruit opposition leaders through this type of coercion so that they would act as double agents for the state security agents.

Mr. SMITH. Your testimony before was that in many cases, there were no prosecutions of drug trafficking or other drug violations, and that you had conversations with two judges who told you they didn't understand why there weren't any of these prosecutions coming forward. Is it your belief that these drug prosecutions are not being handled any longer because the Government has engaged in a pattern of hiding drug trafficking profiting from drug trafficking and otherwise giving safe haven to people that might have been arrested before?

Mr. BALDIZON. The case of the smaller free lance traffickers is not that the Government is willing to give them safe haven. The only thing is that whatever drug is confiscated has to go directly to Tomas Borge's office so there is no material evidence. From the po-

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litical standpoint, the Jurisdictional Law Enforcement Act is used only to remove political enemies from circulation.

Mr. SMITH. Let me ask you one final question. Is there a domestic drug abuse problem in Nicaragua? Are there many people that use marijuana and cocaine in Nicaragua?

Mr. BALDIZON. There is very strong repression against the drug abuser in Nicaragua from the general population. But, again, the same network of agents and secret agents that are used to confiscate and apprehend dealers, that same net is used then to bring in all the proceeds and all the drugs for resale. So the drug and vice squads heads—in other heads, the head of sections in drug enforcement and vice are becoming small time Mafia, so to speak. In other words, they have their own systems.

Now consumption of marijuana and cocaine takes place in the midlevel echelons of the Government and the armed forces.

Mr. SMITH. Thank you very much. Mr. Gilman—and we will be finished in just a few minutes.

Mr. GILMAN. Mr. Baldizon, there was a contention that some criminals were being utilized by the Department of Interior for investigations. Can you tell us something about that? Were any drug traffickers amoung those criminals?

Mr. BALDIZON. No, and the F-6 team, state security agency department F-6, they don't choose drug traffickers on their staffs. No, what they have is specialists in P&E, second-story men, and also specialists in locks and chains.

Mr. GILMAN. And they actually utilize criminals?

Mr. BALDIZON. Also not only were they recruited among the criminal element, and they are also recycled and retrained, and they are also re-equipped. They receive a small kit and a leather bag that comes from Cuba. In it are all kinds of small devices and tools used by burglars. They are trained burglars who are equipped and are trained to go into either automobiles or houses of the members of the opposition to plant false evidence.

Mr. GILMAN. How long did you work in the investigations office?

Mr. BALDIZON. Five years in the Ministry of the Interior, and under the Minister I worked 2½ years.

CUBAN AND SOVIET INFLUENCE IN NICARAGUA

Mr. GILMAN. Were you trained at all by any Cuban people in the ministry, or did you come into contact with any Cuban administrators in the Ministry of Interior?

Mr. BALDIZON. In fact, when I was appointed head of the police department of Cuidad Sandino, I received extensive training by Cubans in the area of law enforcement and investigation. I was then sent for a course on law enforcement technique in the Soviet Union, a 1-year course.

Mr. GILMAN. Where were you in the Soviet Union?

Mr. BALDIZON. I was in Volgograd attending the special school of criminology.

Mr. GILMAN. What year was that you were sent to the Soviet Union for training?

Mr. BALDIZON. Approximately a year, from mid-1980 to mid-1981.

Mr. GILMAN. And the Cubans who were doing the training in your department, did they do all of the training for investigations in your department?

Mr. BALDIZON. Indeed, all the training was conducted along the theory and doctrine of the Cubans in the areas of intelligence, counterintelligence, special ops, very much in line with KGB methodology.

Mr. GILMAN. Were there any Soviet personnel in the Department of Interior?

Mr. BALDIZON. In fact, in Cuba there are Soviet instructors who train groups of Nicaraguans who are sent there for training. In Nicaragua there are Soviet instructors who work in the areas of military intelligence, military counterintelligence, and secret military work.

Mr. GILMAN. Were you sent to Cuba for training?

Mr. BALDIZON. No, sir, I was sent to the Soviet Union, and I took most of my training in undercover operations in Nicaragua under Cuban instruction. My instructor was Lieutenant Colonel Barrera, special advisor to the Nicaraguan Forces.

Mr. GILMAN. Thank you. Thank you, Mr. Chairman.

Mr. SMITH. Mr. Baldizon, would you estimate how many Cubans and how many Soviet personnel you believed were working in all the ministries to the best of your knowledge in Nicaragua?

Mr. BALDIZON. In terms of military advisors to include instructors, experts and advisers in the military arena alone, we are talking about 3,500. Under the Ministry of the Interior, there are over 200 Cuban advisers. Now, in the Army we have experts and instructors in Army aviation, B-21 batteries; that is anticraft batteries. We also have instructors in the area of armored and personnel carriers, 152 howitzers, helicopters MI-8 and MI-24 maintenance experts.

Mr. SMITH. And these are all Soviet personnel or Cuban personnel.

Mr. BALDIZON. There is a minority of Soviets. The better parts are Cuban.

Mr. SMITH. Did you see any other foreign troops—Libyan, PLO, East German, Bulgarian, North Korean?

Mr. BALDIZON. In fact there are Vietnamese instructors who are especially in charge of training for special operations. They are trained in military fortification, provisional installations, the foxholes and provisional foxholes as well as mine warfare and countermine warfare. However, from North Korea I only came to see doctors.

There also are at the Ministry of the Interior several East Europeans, various nationalities, including Bulgarians. They work in the Ministry of the Interior in the area of army intelligence, and also we have a couple of computer experts who work in the Ministry of the Interior files.

Now, as far as the PLO is concerned, sir, there is an embassy—the PLO has an embassy in Nicaragua. Certain pilots of Aeronica belong to the PLO, and also executive aircraft pilots in Nicaragua.

Mr. SMITH. One second. Mr. Gilman moves that certain numbers of newspaper articles will be attached to the permanent record without objection.

[The information follows:]

[From the Wall Street Journal, Oct. 15, 1984]

U.S. Probes Vesco's Possible Drug Deal With Nicaraguans [1]

WASHINGTON.—The Customs Service confirmed that it has been investigating for the past year charges that fugitive American financier Robert Vesco is working with the Nicaraguan government to smuggle cocaine to Europe and the U.S.

The investigation has centered on allegations that Mr. Vesco, who is thought to be living in Cuba, helped Nicaragua finance drug shipments to Belgium and possibly to this country, according to Dennis Murphy a Customs Service spokesman.

The Drug Enforcement Agency charged last summer that top officials in Nicaragua's Sandinista government were trafficking in cocaine. Other law enforcement officials said the government inquiry into Mr. Vesco's involvement was mentioned in a transcript of a debriefing session with a Dutch national arrested for drug activity in Miami last year that was leaked to the media recently.

The officials said the Dutchman, Jitze Kooistra, indicated that Frederico Vaughn a Nicaraguan Interior Ministry official, is involved in drug deals with Mr. Vesco. Officials said Mr. Vesco might have financed an operation through which Mr. Vaughn and other Nicaraguan officials sent 1,452 pounds of cocaine to Miami last spring.

The law enforcement sources said they are more certain that Mr. Vesco arranged for a $20 million line of credit for the Nicaraguan drug trade that was behind a cocaine shipment to Belguim earlier this year.

The officials said the American financier's alleged involvement may be continuing.

The Nicaraguan government has denied the drug agency's charges. Mr. Vaughn, however, has been filmed loading what was said to be cocaine onto a plane at a Nicaraguan airfield, and has been indicted by a Miami grand jury.

[From the Washington Times, July 31, 1985]

DEA Agent Says Some Dealings in Drugs Switched to Nicaragua

An agreement that allowed Colombian cocaine lords to process and ship narcotics through Nicaragua was described yesterday by a pilot working under cover for U.S. authorities.

The undercover operative, Adler Barryman Seal, testified at the opening of a federal trial that Colombian drug lords moved some of their operations to Nicaragua after pressure from the Colombian government.

Seal described an April 8, 1984, meeting at the Colombian mountaintop home of Jorge Ochoa attended by several members of the Ochoa smuggling cartel.

"They had struck a deal with some [officials] in the Sandinista government in Nicaragua," he said. "They said, 'We're not communists. We don't agree with their philosophy, but they serve our means and we serve theirs—then they made gestures indicating money.' " Seal said.

Seal, 45, a convicted smuggler who was cooperating with the Drug Enforcement Adminsitration in hopes of getting a reduced jail sentence, said he was worried about being arrested if he landed in a plane full of cocaine in a communist country.

But he said he was assured that there would be no problems with Nicaraguan officials.

The trial before U.S. District Judge James L. King involves what assistant U.S. attorney Richard Gregorie described as "one of the biggest cocaine smuggling operations in the world."

In his opening statement, Mr. Gregorie described Jorge Ochoa as the boss of the operation. He said another Colombian, Pablo Escobar, was responsible for the cocaine processing laboratories, Carlos Lehder was in charge of delivering cocaine from Colombia to the labs, and Gonzalo Rodriguez Gacha, also known as "The Mexican," was responsible for cocaine being sent to the West Coast.

The four alleged members of the cartel have been indicted in the case, but they remain at large as fugitives.

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On trial are Carlos A. Bustamente, who is alleged to have supervised the transportation and distribution of cocaine in the United States; Paul Elzel, alleged to have acted as a courier and interpreter: Felix Dixon Bates, a pilot; and Lizardo Marquez-Perez, whom the government contends had been brought into tighten security in the organization.

All the defendants are charged with conspiring to import and distribute cocaine.

Albert Krieger, representing Mr. Marzuez-Perez, told the jurors in his opening statement that the case will give them an inside view of drug smuggling and activity "that ordinarily does not see the brilliance of light in the courtroom—the world of the political revolutionary."

He said his client, an electrical engineering graduate of Georgia Tech and the Venezuelan naval academy, had sought to overthrow the Venezuelan government since 1960.

"A coming together of separate events that almost acted as a grim fate brings Marquez-Perez into this courtroom charged with this serious offense." Mr. Krieger said, "Two years ago, he was in the forefront of a group of military officers and former military officers seeking a coup d'etat in Venezuela."

He said Mr. Marquez-Perez had bought an airplane to transport automatic weapons for the revolution—not to smuggle cocaine.

He said a manual DEA agents found in a Miami safe deposit box owned by Mr. Marquez-Perez was not a handbook for drug dealers but rather "related to the concealment of weapons and the distribution of arms."

Another defendant who is a fugitive is Frederico Vaughan, described last year by federal authorities as an aide to Tomas Borge Martinez, Nicaragua's interior minister.

In a photograph taken by a camera hidden in Seal's airplane, Mr. Vaughan can be seen helping load duffel bags. Also shown is Mr. Escobar, then a Colombian congressman, and a distinctively dressed Sandinista soldier.

The airport where the photographs were taken was identified as a Nicaraguan military field just outside the capital city of Managua.

U.S. authorities concluded that the operation had at least the tacit approval of high-level Sandinista officials.

Seal said that members of the Ochoa family went abroad after Colombia's justice minister was assassinated on May 1.

[From the Chicago Tribune, Aug. 3, 1984]

Leaks let Drug Smugglers Flee [1]

Washington.—A four-month investigation of South American international cocaine kingpins was blown because of leaks from U.S. officials eager to link Nicaraguan Sandinistas to an extensive drug smuggling scheme, according to congressional sources.

Sen. Jeremiah Denton [R., Ala.] whose staff received a classified briefing Tuesday from the Central Intelligence Agency on Nicaraguan drug smuggling, said he deplored "the fact that the case was prematurely disclosed by leaks to the press and that as a result some big fish escaped the net."

Other congressional sources who spoke on the condition that they not be named said the leaks allowed three people believed to be among South America's largest cocaine smugglers to slip away from U.S. Drug Enforcement Administration [DEA] investigators hot on their trail.

Republican and Democratic sources said the detailed leaks appeared to have come from the White House during the Reagan administration's efforts to discredit the Sandinistas and win congressional approval of funds for their opponents.

Asked about the leaks, DEA spokesman Ted Swift said, "We have no comment on any aspect of this case." The DEA and Justice Department have turned down requests from House and Senate investigators seeking information about the Sandinista involvement in drug smuggling.

Meanwhile, congressional opponents of the leftist Nicaraguan regime have seized the alleged Sandinista drug connection to build a case against the Managua government.

On Thursday, a former Nicaraguan diplomat told Congress that high-ranking Sandinista government officials are involved in drug trafficking as a "political weapon" aimed at destroying America's youth and earning money.

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Antonio Farach, 33, former counselor in the Nicaraguan embassies in Venezuela and Honduras, said that sending drugs to the United States "provided food for our people with the suffering and the death of the youth of the United States."

Farach, who defected to the United States last fall, said he was personally involved in giving Nicaraguan passports to Latin Americans and Middle Easterners, who he believed were involved in the drug trade.

The former diplomat's testimony, made through an interpreter, came, before a Senate alcoholism and drug abuse subcommittee. Farach said he received his information from current and former members of the Sandinista government.

Farach said he could not "affirm here that the government of Nicaragua was involved as a government. There were government officials at the highest level involved in their individual capacity. Directly involved was the minister of defense of Nicaragua," Humberto Ortega, the brother of Daniel Ortega, the head of the Sandinista government.

At another point, Farach said that "international travel documentation" was issued fraudulently to drug traffickers "by the foreign minister of Nicaragua."

He did not make clear whether he thought the foreign minister was directly involved in the drug trade. He said that when he asked Sandinista officals why Nicaraguans were involved in drug trafficking, he was told:

"The drugs did not remain in Nicaragua. The drugs were destined for the United States. Our youth would not be harmed but rather the youth of the United States, the youth of our enemies."

Initial reports that the Sandinistas were involved in drug smuggling came from Gen. Paul Gorman, head of the U.S. Army Southern Command. On June 29, he told a business group in El Salvador that Nicaraguan government officials were involved in cocaine traffic

About two weeks later, the Washington Times, quoting "U.S. officials," carried a report on the drug investigation disclosing the secret activities of a DEA informant—a pilot who used Nicaragua as a base for drug smuggling with the knowledge of Sandinista officials.

On the heels of those disclosures, a federal grand jury in Miami last Friday indicted 11 persons, including a Sandinista official. Named in the indictment were three men identified by congressional sources as major international cocaine dealers that the DEA has been seeking for years—Pablo Escobar Gaviria, Jorge Luis Ochoa and Carlos Lehder. Lehder once ran for the Colombian Senate on a platform that called for expelling all DEA agents from that country. "These guys are as big as they get," said on House drug expert.

Only 3 of the 11 indicted are in federal custody and sources said that premature disclosure of the investigation helped the "kingpins" escape.

"If they had had two more weeks, they would have gotten Ledher, Escobar and the whole ball of wax," said the House aide.

The indicted Nicaraguan, Frederico Vaughan, was identified by the DEA as an aide to Nicaraguan Minister of the Interior Tomas Borge.

"It is impossible to believe that the involvement stops with Frederico Vaughan," Denton said. "There are reports that other Nicaraguan officials as the highest level are involved," including the Ortega brothers.

However, federal prosecutors in Miami told reporters that they have no direct evidence implicating other Nicaraguan government officials.

DEA Agent Avers Sandinista Officials Abet Cocaine Smuggling Into United States.[1]

The government of Nicaragua has been directly involved in smuggling thousands of pounds of cocaine from South America into the United States, according to an affidavit a federal agent filed in U.S. District Court in Miami this week.

The affidavit, signed by agent Ernest Jacobsen of the Drug Enforcement Administration, said Frederico Vaughan, an aide to Nicaragua's interior minister, was extensively involved in the trafficking operation.

It said that the Sandinista government had agreed to improve a 6,000-foot airstrip for smuggling purposes and Sandinista military personnel had assisted in unloading cocaine.

Administration sources said yesterday that the CIA and other intelligence agencies had information linking two top-level Nicaraguan officials –Interior Minister Tomas Borge and Defense Minister Humberto Ortega—to the drug trafficking.

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[1] Copyrighted the Washington Post

Ortega is the brother of Daniel Ortega, the Nicaraguan junta's coordinator and the Sandinistas' presidential candidate in the country's election Nov. 4.

No evidence of involvement by Borge or Ortega was disclosed. The CIA referred all inquiries to DEA. DEA spokesman Robert Feldman declined comment.

Borge, in an interview with The Miami Herald denied the charges: "What comment can I make about that? It would be a lack of seriousness on my part if I respond to that accusation."

Manuel Cordero, deputy chief of the Nicaraguan Embassy here, called the charges "absurd," adding, "It's all a fabrication, part of the campaign the administration is conducting against us." Cordero also linked the charges to the administration's continuing pressure on Congress for further aid to rebels against the leftist Nicaraguan government.

But an administration official said the DEA "appears to have a very good case . . . much more concrete evidence of direct government involvement than we've had in the past." He said the case could be "just the tip of the iceberg" of what appeared to be "a pretty large-scale operation involving ships and planes."

"It could be only a handful of people [in the Nicaraguan government] doing it, but there would have to be a lot of people in the know or very willing to close their eyes," the official said. "From what I'm told, the operations couldn't have taken place without the knowledge of the Sandinista army."

Still at large Thursday and believed to be out of U.S. authorities' reach were Jorge Luis Ochoa and Pablo Escobar-Gaviria of Colombia, alleged to be cocaine traffickers. They were among six men, including Vaughan, named in arrest warrants.

Three other men charged in the case were being held in Miami on $10 million bond each. They were identified as Carlos A. Bustamante and Paul Elzel of Colombia, and Felix Dixon Bates of Honduras.

Jacobsen's 10-page affidavit filed Wednesday described a four-month investigation assisted by an informer who taped conversations with the suspects. The informer, who allegedly had worked as a pilot in the drug-smuggling operation since 1981, assisted with DEA's seizure of 1,452 pounds of cocaine he picked up in Nicaragua and flew to Florida early this month.

According to the affidavit, the cocaine operation was run out of Auto World, a Miami car dealership. Bustamante, one of the owners, told the informer that he was "moving in excess of 500 kilograms [1,100 pounds] of cocaine through the dealership every week," the affidavit said.

The affidavit indicates that Vaughan received a $1.5 million payoff from the informer July 6 in exchange for the cooperation of the Nicaraguan government.

Last Monday, the affidavit said, Vaughan told the informer that a new cocaine-processing laboratory had been set up in Nicaragua. According to the affadavit, cocaine base was to be flown from Bolivia to Nicaragua for processing and the finished product was to be smuggled into the United States.

Eleven Persons Indicted in Latin Drug-Smuggling Probe [1]

A federal grand jury in Miami yesterday indicted 11 persons, including an aide to Nicaragua's interior minister, on cocaine smuggling charges in a case that Reagan administration officials have cited as evidence of official Sandinista government complicity in drug trafficking.

Seven of the accused have escaped arrest, and sources in Miami said that premature disclosure of the case last week, allegedly by administration officials hoping to make a political point, compromised the investigation.

"It's kind of a mess," said one official, who asked not to be identified. "The investigation was nowhere near finished. . . . We got the small fry, but the big guys got away."

Another official added, "It's a disappointment. . . . This is not the first time something like this has happened when a case becomes political."

Federal officials are preparing extradition requests on the fugitives and plan to submit them to Nicaragua and Colombia, but one official said, "The chances of extraditing people out of [either nation] are practically nil."

Extracting fugitives from Nicaragua is complicated by the fact that the U.S. extradition treaty with that nation "doesn't cover narcotics offenses" because it was signed early in the century, he added.

Among the fugitive defendants is Frederico Vaughan, identified in court documents as an aid to Nicaraguan Interior Minister Tomas Borge.

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[1] Copyrighted the Washington Post

U.S. Attorney Stanley Marcus and Peter Gruden, head of the Drug Enforcement Administration in Miami, acknowledged at a news conference that they have no direct evidence implicating other Nicaraguan government officials.

"I think there's growing indications that the government of Nicaragua is playing some part in the cocaine coming into the United States," Gruden said. "But at this point, its hard to say if there's any complicity on the part of Nicaraguan officials.

The indictment alleges that Vaughan showed a drug-flight pilot a landing strip in Managua to be used by airplanes carrying cocaine from Nicaragua to the United States. One official said investigators have photographs of Vaughan helping to load cocaine onto an airplane.

"It was further part of this conspiracy that Frederico Vaughan . . . would protect cocaine-distribution personnel and equipment and would supervise the shipment of cocaine into and out of Nicaragua as well as the refueling and maintenance of aircraft used to transport cocaine from Colombia and Bolivia to Nicaragua, and from Nicaragua to Mexico and the United States," the indictment said.

Among other fugitives named in the indictment are Pablo Escobar Gaviria and Jorge Ochoa, identified in a Justice Department statement as "top-level traffickers in Colombian cocaine."

Sources in Miami said that, almost from the time the investigation began in February, it attracted an unusual amount of attention from senior officials in the Justice and Treasury departments because of the Nicaraguan connection.

"When we first started writing reports, it generated a lot of interest, more than if it was Bolivia or Colombia," one official said.

Gen. Paul F. Gorman, head of the U.S. Army Southern Command, alleged June 29 in El Salvador that Nicaraguan government leaders were involved in drug smuggling, but he declined to elaborate.

Details of the investigation were disclosed July 17 in The Washington Times. Although no source was named in the article, one official close to the investigation said it is widely believed to be a senior administration official with close ties to the White House.

Subsequent news reports, including one in The Washington Post, quoted unidentified administration sources as saying that CIA information linked top-level Nicaraguan officials to the drug trafficking.

Some investigators in the case first learned of the disclosure by reading newspapers, one source said. Some federal drug agents were warned of the impending public disclosures before July 17, "but there wasn't much we could do about it," another source said.

One official said indictments probably would not have been prepared in the case for another month because "we were trying to maneuver some of these people" to places where they could be arrested. A Justice Department spokesman here said. "I just have no comment.

The State Department has been asked to request that Colombian authorities issue arrest warrant against Ochoa and Escobar Gaviria, one official said. Another added "We really don't know where these guys are."

The indictment said cocaine deliveries in the conspiracy began in April when one defendant flew to Medellin, Colombia, and discussed with Ochoa and Escobar Gaviria shipping 3,300 pounds to south Florida. Ochoa then allegedly made available a twin-engine to fly 1,500 pounds from Colombia to Nicaragua, with intentions of later transporting it to the United States.

On June 3, one shipment was seized by Nicaraguan authorites but, on the following day, Vaughan secured their release and allegedly "provided secure facilities for the aircraft and the cocaine."

After another 1,452-pound shipment, $1.5 million was delivered in early July to Vaughan and Escoba Gaviria, the indictment alleged.

[From the New York Times, July 18]

United States Accuses Managua of Role in Cocaine Traffic [1]

Washington.—A Government affidavit filed in a United States District Court today accuses the Nicaraguan Government of direct involvement in cocaine trafficking between South American countries and the United States.

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The affidavit, sworn testimony by an agent of the United States Drug Enforcement Administration, Ernest S. Jacobson, said the Sandinista Government, in cooperation with a Colombian drug dealer, had recently built a new airstrip and hanger in Managua for use by cocaine traffickers.

It also said a Nicaraguan Government official had been encouraging smugglers to begin using a new cocaine laboratory recently built in Nicaragua. The Nicaraguan's Interior Minister, as the Nicaragua official said he wanted the smugglers to begin flying cocaine base from Bolivia to Nicaragua, where cocaine would be manufactured and then would be flown to the United States, the affidavit said.

The affidavit names Federico Vaughan, whom it identifies as an aide to Nicaragua's Interior Minister, as the Nicaraguan official and said he had worked directly with a Drug Administration informant. A Drug Administration official said today that Mr. Vaughan took a $1.5 million cash payment from the informant early this month in exchange for Nicaraguan Government help. The money was supplied by a Miami drug dealer, the affidavit said.

HIGH NICARAGUAN AIDES ACCUSED

Administration officials also said today that two senior Nicaraguan Government officials, Interior Minister Tomás Borge and Defense Minister Humberto Ortega, had also been directly involved in the drug trading. Mr. Ortega is the brother of Daniel Ortega Saavedra, coordinator of the Nicaraguan junta, who had been selected by the junta as the Sandinistas' presidential candidate in elections scheduled for Nov. 4.

A Nicaraguan Embassy official today called the allegations "lies."

"It's just ridiculous," he declared. "They made it up. It's just another part of the Reagan Administration campaign against us."

Drug Enforcement Administration officials would not comment on the affidavit today. But senior Administration officials said surveillance in Nicaragua had established beyond doubt that Mr. Borge and Mr. Ortega were direct participants in the cocaine smuggling activities.

The affidavit was filed in Federal District Court in Miami as part of a complaint against six men who were charged today with involvement in the cocaine trafficking. Three of the men, all Miamians, were arrested today, a spokesman for the Drug Administration said. They were identified as Carlos A. Bustamante, Paul Elzel and Felix Dixon Bates. Also charged were Mr. Vaughan, Pablo Escobar, a Nicaraguan, and Jorge Luis Ochoa of Colombia.

4-MONTH UNDERCOVER OPERATION

The affidavit said the information about Nicaraguan involvement in the cocaine trafficking had resulted from a four-month undercover operation. It said the informant had tape-recorded phone conversations and taken photographs to substantiate the charges.

At the end of the investigation early this month, the drug agency seized 1,452 pounds of cocaine, which the informant purportedly had flown to Florida from Managua. The affidavit also said the drug agency had independently corroborated the informant's information.

The informant had been smuggling cocaine from South America since 1981, the affidavit said, and was recruited by drug dealers in Miami last April to fly cocaine from Colombia to the United States. He had agreed to work for the drug agency, it said.

In Colombia, the informant was told that Colombian drug dealers had begun using "a new airfield with a 6,000-foot strip in Nicaragua," the affidavit said. It added that the Colombian drug dealers "had reached an agreement with the Sandinistas" who it said were helping Colombians "in developing the airfield and erecting a hanger."

On May 30, the affidavit said, the Drug Administration informant picked up about 1,500 pounds of cocaine in Colombia and flew to Managua, where he was "met by Federico Vaughan, an aide to the Minister of the Interior of Nicaragua." The cocaine "was off-loaded by Sandinista military personnel" and by Mr. Vaughan and Mr. Escobar, according to the affidavit.

The informant left Managua a few days later, leaving the cocaine behind, the affidavit said.

In Miami, the affidavit said, the informant tape-recorded a telephone conversation with Mr. Vaughan, during which they discussed the informant's pending return to Managua to pick up the cocaine. He returned on June 24, it said.

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The next day, he met with Mr. Vaughan and Mr. Escobar, and "photographs were taken of Vaughan and Escobar assisting in the loading of the aircraft" with cocaine, the affidavit said.

Early this month, according to the affidavit and to Administration officials, the informant delivered a $1.5 million cash payment to Mr. Vaughan in Managua. And on Monday, the affidavit said, in recorded phone conversation with Mr. Vaughan from Miami, the informant was told that "a new cocaine processing laboratory was ready for use in Nicaragua."

Previously, the affidavit said, Mr. Vaughan and others in Nicaragua and Colombia had asked the informant "to fly cocaine base from Bolivia to Nicaragua" where it would be processed and then flown to the United States.

Mr. BALDIZON. As far as Libya is concerned, sir, Libya has given Nicaragua the services of three experts in aviation, one pilot and two ground maintenance, as Qadhafi also presented us with small aircraft made in Italy, basically piston engines, but it is a small-sized aircraft.

Mr. SMITH. And you know all of this of your own knowledge.

Mr. BALDIZON. Yes, sir, this is first hand, because I saw them myself, and they are quite similar to the Czechoslovakian aerobatics aircraft.

Mr. SMITH. Let me ask you, Mr. Baldizon, did any of these foreign advisers aid you in your area in the ministry? Did you have any of them attached to your command, or did you feel that any of them were watching you as an agent for somebody else in the ministry?

Mr. BALDIZON. In fact I had a Cuban adviser, Capt. Alberto Valdes Agudin from the Cuban Secret Service. In fact I could say that in the face of the inability of the Nicaraguan officials and members of the military, the Cuban advisers who were assigned to Nicaragua had no choice but to take up the reins of the Government itself, so much so that they are practically in charge of the defense activities, construction activities and also economic development, all plans for the national development. All plans in the area of national defense and construction are prepared by the Cuban advisers and for us, the military officers, and officers of the Government or officials of the Government was left only the implementation of these plans.

Mr. SMITH. Did you have the feeling that they were also spying on you?

Mr. BALDIZON. In fact, they keep track of you and based on their opinions or views of a given person, that person may be promoted, may be demoted or sent somewhere else.

Mr. SMITH. So in essence the Cubans are in strong position of control with the Nicaraguan bureaucracy.

Mr. BALDIZON. Very strong position.

Mr. SMITH. Thank you, again, Mr. Baldizon. We appreciate your testimony and your courage in coming here today, and we are very grateful to you for the information that you provided for us, and we hope that if another committee or subcommittee of this Congress asks you testify, that you will do that because I think you have very valuable information which will help them immensely in their having to deal with the problem of Nicaragua and we are very much appreciative of the fact that notwithstanding the fact that your wife and your child and your brother are still there, that you are willing to testify.

We appreciate it very much. You have the thanks of all of the members of this committee. Thank you, Mr. Thomas and Mr. Byrne. This meeting is concluded.

[Whereupon at 4:30 p.m., the subcommittee was adjourned subject to the call of the Chair.]

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